UNI MARTS INC
Form DEFM14A
June 07, 2004

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

UNI-MARTS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[ ] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock, $0.10 par value per share

(2) Aggregate number of securities to which transaction applies: 4,849,683

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): $2.25

(4) Proposed maximum aggregate value of transaction: $9,265,320.75

(5) Total fee paid: $1173.92

[X] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: ____

(2) Form, Schedule or Registration Statement No.: ________________

(3) Filing Party: ____

(4) Date Filed: ____

Uni-Mart Logo
477 East Beaver Avenue
State College, Pennsylvania 16801-5690

June 4, 2004

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Uni-Marts Inc. The meeting will be held at the Ramada Inn and Conference Center, 1450 South Atherton Street, State College, Pennsylvania on Tuesday, June 29, 2004, commencing at 9:00 A.M.

At the meeting, you will be asked to vote on a proposal to adopt the Agreement and Plan of Merger between Green Valley Acquisition Co., LLC and Uni-Marts Inc., dated January 26, 2004, and approve the transactions contemplated by the merger agreement, including the merger of Uni-Marts with and into Green Valley as the surviving company.

Green Valley is owned by two limited liability companies, one of which, Tri-Color Holdings, LLC, is owned by three individuals who are directors or executive officers of Uni-Marts and several of their family members. Following the merger, Green Valley will own Uni-Marts' assets and business. If the merger is completed, Uni-Marts' stockholders will have the right to receive $2.25 in cash in exchange for each share of Uni-Marts' common stock that is outstanding at the time of the merger. Uni-Marts' stockholders (other than those who own interests in Green Valley) will not have any interest in Uni-Marts' or Green Valley's business after the merger.

The Board of Directors, based upon the recommendation of the Ad Hoc Committee of Directors (a group of three independent directors who have no financial interest in the acquiring entity) that considered the merger proposal, recommends that you vote "FOR" the adoption of the merger agreement and approval of the merger. The Ad Hoc Committee determined and reported to the Board of Directors that the $2.25 per share to be received by Uni-Marts' stockholders pursuant to the merger agreement is fair from a financial point of view to such stockholders. In arriving at its recommendation, each member of the Ad Hoc Committee gave careful consideration to a number of factors described in the accompanying proxy statement. One factor was the opinion of Boenning & Scattergood, Inc., an investment banking firm retained by the Ad Hoc Committee to advise it as to the fairness from a financial point of view, of the consideration to be paid to Uni-Marts' stockholders pursuant to the merger agreement.

Under Delaware General Corporation Law, the affirmative vote of the holders of a majority of outstanding shares of Uni-Marts' common stock is required to adopt the merger agreement and approve the merger. The attached proxy statement explains the proposed merger and provides specific information concerning the special meeting of stockholders. It also includes copies of the merger agreement and the written opinion of Boenning & Scattergood as Annex A and Annex C, respectively. You should read these materials carefully before you vote. In particular, you should carefully consider the discussion in the section entitled "Special Factors" beginning on page 11.

Whether or not you plan to attend the meeting, please complete, sign, date and mail your proxy in the enclosed postage prepaid envelope promptly. If your shares are held in the form of a certificate registered in your name, and you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote "FOR" the adoption of the merger agreement and approval of the merger. If your shares are held in a brokerage account or otherwise held in the name of a nominee recordholder for your benefit, you must indicate on the voting card how you want to vote. A failure to return the proxy or voting card will have the same effect as a vote "AGAINST" the merger.

Sincerely,

/s/ Stephen B. Krumholz

Stephen B. Krumholz
Chairman of the Ad Hoc Committee

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE TRANSACTION, PASSED UPON THE MERITS OR FAIRNESS OF THE TRANSACTION, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 29, 2004

UNI-MARTS INC.
477 EAST BEAVER AVENUE
STATE COLLEGE, PENNSYLVANIA 16801-5690

To The Stockholders of Uni-Marts Inc:

You are hereby notified that a special meeting of stockholders of Uni-Marts Inc., will be held at the Ramada Inn and Conference Center, 1450 South Atherton Street, State College, Pennsylvania on Tuesday, June 29, 2004, at 9:00 A.M., for the following purposes:

(1) to consider and vote upon a proposal to adopt the Agreement and Plan of Merger between Green Valley Acquisition Co., LLC and Uni-Marts Inc., dated January 26, 2004, and approve the transactions contemplated by the merger agreement, including the merger of Uni-Marts with and into Green Valley as the surviving company; and

(2) to transact such other business as may properly come before the meeting.

The merger and related matters are described more fully in the attached proxy statement, which includes a copy of the merger agreement as Annex A.

We have fixed the close of business on May 27, 2004 as the record date for determining the stockholders of Uni-Marts entitled to vote at the special meeting and any adjournments or postponements of the meeting. Only holders of record of Uni-Marts' common stock at the close of business on that date are entitled to notice of and to vote at the special meeting.

The Board of Directors unanimously recommends that you vote "FOR" the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger of Uni-Marts with and into Green Valley. The affirmative vote by the holders of a majority of the outstanding shares of Uni-Marts' common stock is required to adopt the merger agreement and approve the merger.

The Board of Directors requests that you fill in and sign the enclosed proxy card and mail it promptly in the enclosed postage-prepaid envelope.

By order of the Board of Directors,

/s/ Mary Ann Miller
Mary Ann Miller
Secretary

State College, Pennsylvania
June 4, 2004

PLEASE READ THE ATTACHED PROXY STATEMENT, THEN COMPLETE, EXECUTE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. IF YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE BRING THE ADMISSION TICKET ATTACHED TO THE ENCLOSED PROXY CARD. IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME AND YOU PLAN TO ATTEND THE MEETING, PLEASE BRING A COPY OF THE VOTING FORM SENT TO YOU BY YOUR BROKER OR OTHER EVIDENCE OF STOCK OWNERSHIP.

TABLE OF CONTENTS

PROXY STATEMENT

This proxy statement is furnished to the stockholders of Uni-Marts Inc. on or about June 9, 2004, in connection with the solicitation by the Board of Directors of Uni-Marts of proxies to be voted at the special meeting of stockholders on June 29, 2004 and any adjournment or postponement of such meeting. References to "we," "us," and "our" in this proxy statement are references to Uni-Marts.

SUMMARY TERM SHEET

This summary term sheet summarizes the material terms of the proposed merger between Uni-Marts and Green Valley Acquisition Co., LLC and contains other important information relating to the merger. You should read carefully the entire proxy statement and the documents and other materials that are annexed to this proxy statement before voting. The actual terms of the merger are contained in the merger agreement that is attached to this proxy statement as Annex A.

PARTIES TO THE MERGER

Uni-Marts Inc.
477 East Beaver Avenue
State College, PA 16801-5690
Phone: 814-234-6000

Uni-Marts is a Delaware corporation engaged in the operation of convenience stores and discount tobacco stores. Uni-Marts operates 282 convenience stores and Choice Cigarette Discount Outlets in Pennsylvania, New York, Delaware and Maryland. Self-service gasoline is sold at 235 of these locations. Uni-Marts is a public company whose stock is listed for trading on the American Stock Exchange under the symbol "UNI." See "BUSINESS OF UNI-MARTS."

Green Valley Acquisition Co., LLC
477 East Beaver Avenue
State College, PA 16801-5690
Phone: 814-234-6000

Green Valley is a Pennsylvania limited liability company organized specifically for the purpose of acquiring Uni-Marts. Green Valley has not carried on any activities to date other than those incident to its formation and the negotiation and execution of the merger agreement. See "BUSINESS OF GREEN VALLEY."

Green Valley is owned by two entities, one of which, Tri-Color Holdings, LLC, is controlled by Henry Sahakian, Daniel Sahakian and Ara Kervandjian. Henry Sahakian is the current Chairman and Chief Executive Officer of Uni-Marts, Daniel Sahakian is a current director of Uni-Marts, and Ara Kervandjian is the current President of Uni-Marts. Other members of Tri-Color include certain members of the extended families of Messrs. Henry and Daniel Sahakian and Kervandjian, certain trusts for the benefit of members of the families of such persons, and HFL Corporation, a corporation owned and controlled by Messrs. Henry and Daniel Sahakian.

The other entity that owns an interest in Green Valley is KOTA Holdings LLC. The principal beneficial owners of KOTA Holdings are Raj Vakharia and Paul Levinsohn, individuals who are not affiliated with Uni-Marts.

The business and affairs of Green Valley are managed under the direction of a Board of Managers that currently consists of six individuals, referred to as the "Green Valley Managers." Three of the Green Valley Managers were appointed by Tri-Color, and three were appointed by KOTA Holdings. The current Green Valley Managers are Henry Sahakian, Ara Kervandjian, Alex Sahakian, Raj Vakharia, Paul Levinsohn, and Jaime Broderick. See "BUSINESS OF GREEN VALLEY."

Messrs. Henry and Daniel Sahakian and Kervandjian are referred to collectively in this proxy statement as the "Affiliated Stockholders." The Affiliated Stockholders, together with members of their extended families, trusts for the benefit of members of their extended families and HFL, who are also beneficial owners of Uni-Marts' common stock and owners of Tri-Color, are referred to collectively as the "Tri-Color Members." All other Uni-Marts' stockholders, with the exception of KOTA Management Company, L.L.C., an entity owned and controlled by Messrs. Vakharia and Levinsohn, are referred to herein as the "Public Stockholders" or "unaffiliated stockholders." Collectively, Green Valley, Messrs. Henry and Daniel Sahakian, Kervandjian, Vakharia, and Levinsohn, Tri-Color, HFL, KOTA Holdings and KOTA Management, who, collectively, are the principal beneficial owners of Green Valley, are referred to as the "Green Valley Group." See "BUSINESS OF GREEN VALLEY."

PROPOSED MERGER

If the merger agreement is adopted, Uni-Marts will be merged with and into Green Valley. As a result of the merger, Uni-Marts' corporate existence will cease and Green Valley will continue as the surviving entity (and is anticipated to be renamed "Uni-Marts LLC"). The merger will become effective at the time a certificate of merger is filed with the State of Delaware and articles of merger are filed with the Commonwealth of Pennsylvania. The merger is expected to occur as soon as practicable after all conditions to the merger have been satisfied or waived.

Upon consummation of the merger, each issued and outstanding share of Uni-Marts' common stock will be cancelled and converted automatically into the right to receive $2.25 in cash per share. The Tri-Color Members have contributed to Green Valley their right to receive the merger consideration for substantially all of their Uni-Marts' shares. See "SPECIAL FACTORS -- Source of Funds for the Merger." In addition, each option to purchase shares of Uni-Marts, whether vested or unvested, will automatically be converted into the right to receive an amount in cash equal to $2.25 per share, less the applicable exercise price, for each share of common stock subject to such options. See "THE MERGER AGREEMENT."

CONSEQUENCES OF MERGER

Consummation of the merger will constitute a "going private" transaction. Upon completion of the merger, Uni-Marts will be merged with and into Green Valley, with Green Valley being the surviving company. After the merger, Uni-Marts will cease to exist, and the assets, business and operations of Uni-Marts will be owned by Green Valley. The Public Stockholders of Uni-Marts, that is, all of Uni-Marts' stockholders other than the Tri-Color Members and KOTA Management, will not own any part of Green Valley, and their shares of Uni-Marts will automatically be converted into the right to receive an amount in cash equal to $2.25 per share. See "SPECIAL FACTORS -- Effects of the Merger."

VOTE REQUIRED

The adoption of the merger agreement and approval of the merger requires the affirmative vote of the holders of a majority of the shares of Uni-Marts' common stock outstanding and entitled to vote. The Board did not require a majority vote of the Public Stockholders in order to approve the merger because the merger and merger agreement were negotiated on behalf of all stockholders by a fully empowered Ad Hoc Committee of the Board composed of three disinterested and independent directors. The Ad Hoc Committee was advised of its duties and responsibilities by independent legal counsel and retained an investment banking firm to render an opinion with respect to the financial fairness of the consideration to be paid to Uni-Marts' stockholders. The Board concluded that members of the Ad Hoc Committee were fully informed, that they had vigorously negotiated at arm's-length with representatives of Green Valley, and that the decision making process followed by the Committee was procedurally fair to all stockholders, including the unaffiliated Public Stockholders.

Between the Voting Agreements described below and indications from other Directors and executive officers of Uni-Marts who are not Tri-Color Members, approximately 47.3% of Uni-Marts' shares outstanding as of April 30, 2004, are expected to be voted in favor of the merger. The failure of any stockholder to vote, including any broker non-vote, or the abstention by any stockholder, will have the same effect as a vote against the adoption of the merger agreement. See "CERTAIN QUESTIONS AND ANSWERS ABOUT VOTING AND THE SPECIAL MEETING" and "SPECIAL FACTORS -- Recommendations of the Ad Hoc Committee and Board of Directors."

VOTING AGREEMENTS. Each of the Tri-Color Members and KOTA Management has entered into a voting agreement with Green Valley pursuant to which such party has agreed to vote the shares of Uni-Marts' common stock over which he, she or it has voting control in favor of the merger and the merger agreement. The Tri-Color Members and KOTA Management beneficially own an aggregate of 3,304,559 outstanding shares of Uni-Marts' common stock (representing approximately 45.8% of the outstanding shares of Uni-Marts' common stock as of April 30, 2004). The shares beneficially owned by the Tri-Color Members and KOTA Management include a total of 401,400 shares acquired on March 19, 2004, at a price of $2.25 per share from HP Limited Partnership and certain of its affiliates, each of

which is related to Jim Haseotes. HP Limited Partnership and Jim Haseotes had previously expressed interest in buying Uni-Marts. See "SPECIAL FACTORS -- Background of the Merger." See "BENEFICIAL OWNERSHIP -- Principal Stockholders."

The Tri-Color Members and KOTA Management also have (i) appointed Green Valley as their proxy to vote their Uni-Marts' shares in accordance with the matters covered by such voting agreements, (ii) agreed not to transfer any Uni-Marts' shares owned by them while the voting agreements are in effect, and (iii) agreed to tender their shares if Green Valley commences a tender offer pursuant to the terms of the merger agreement. See "VOTING AGREEMENTS."

SHARES HELD BY OTHER DIRECTORS AND OFFICERS

As of April 30, 2004, Directors and executive officers of Uni-Marts who are not Tri-Color Members had beneficial ownership of 110,225 outstanding shares of Uni-Marts' common stock, or 1.5% of the outstanding shares, and are expected to vote, or direct the voting of their shares, in favor of the merger proposal. See "BENEFICIAL OWNERSHIP -- Principal Stockholders."

SHARES HELD BY UNI-MARTS' 401(K) PLAN

A total of 342,798 shares of Uni-Marts' common stock are held in the Uni-Marts 401(k) Retirement Savings & Incentive Plan. The Trustee of the Plan, N. Gregory Petrick, is the Chief Financial Officer of Uni-Marts. He has delegated the discretion to vote the shares held by the Plan to Robert R. Thomas, CFA, of Vantage Investment Advisors, LLC, the independent investment advisor for the Plan. Uni-Marts has received no indication from Mr. Thomas as to how he intends to vote the shares held in the Plan.

RECOMMENDATIONS OF THE AD HOC COMMITTEE AND THE BOARD OF DIRECTORS

The Board of Directors believes that the merger and the merger agreement are procedurally and substantively fair to, and in the best interests of, Uni-Marts' stockholders, generally, and the Public Stockholders in particular, and recommends that the stockholders approve the merger and adopt the merger agreement. In making the determination to approve and recommend the merger and the merger agreement, the Board of Directors relied on the unanimous recommendation of the Ad Hoc Committee, which was comprised solely of independent directors who have no affiliation with Green Valley and no financial interest in the merger that is different from the interests of the Public Stockholders (other than the receipt of fees for service on the Board of Directors and its Committees), and which retained and was counseled by its own separate independent legal counsel and investment banking firm. Messrs. Henry and Daniel Sahakian abstained from voting with respect to the merger and the merger agreement because of their interests in the merger. See "SPECIAL FACTORS -- Recommendations of the Ad Hoc Committee and Board of Directors."

In determining to recommend the merger and the merger agreement to the Board of Directors, the Ad Hoc Committee considered a number of factors, including:

- The business, financial results and prospects of Uni-Marts;

- The strength and resources of Uni-Marts' competitors, the state of the economy, the substantial consolidation and inordinate number of bankruptcy proceedings in the convenience store industry and Uni-Marts' relative size and lack of capital resources;

- The expenses of reporting and compliance requirements of a public company (approximately $850,000 per year) compared to the historically thin trading volume of Uni-Marts' stock (approximately 2,300 shares per day over the prior four years);

- The fact that the $2.25 price per share to be paid to the Public Stockholders in the merger represents a premium over the market price of Uni-Marts' stock prior to the approval of the merger agreement and is the highest cash amount the Ad Hoc Committee believed could be obtained for the stock; and

- Boenning & Scattergood's opinion (subject to the considerations and limitations set forth therein) that the $2.25 price per share to be paid in the merger is fair, from a financial point of view, to the stockholders of Uni-Marts.

Each of these factors supported the decision of the Ad Hoc Committee and the Board of Directors. The Ad Hoc Committee also consid-

ered a variety of risks and other potential detriments concerning the merger, including:

- Following the merger, the Public Stockholders will cease to participate in any future earnings growth of Uni-Marts or benefit from any increase in the value of Uni-Marts or its assets;

- Under the terms of the merger agreement, Uni-Marts is unable to solicit or encourage other acquisition proposals; and

- Certain equity owners of Green Valley have conflicts of interest because of their continued employment and equity ownership in Green Valley following the merger.

The Committee ultimately concluded that the positive factors of the merger outweighed the negative factors. See "SPECIAL FACTORS -- Reasons for the Ad Hoc Committee's Determination."

COMMON STOCK PRICE

Uni-Marts' common stock is listed on the American Stock Exchange under the symbol "UNI." During the month before the Board of Directors received the draft letter of intent from Green Valley to purchase Uni-Marts, the average closing price of Uni-Marts' common stock was $1.67 per share. On January 26, 2004, the day preceding the public announcement of the signing of the merger agreement, the common stock closed at $1.97 per share. During the month prior to the date of this proxy statement, the average closing price of Uni-Marts' common stock was $2.20 per share. See "MARKET PRICE AND DIVIDENDS ON COMMON STOCK."

FAIRNESS OPINION

Boenning & Scattergood delivered an opinion to the Ad Hoc Committee dated January 26, 2004, and made a presentation to the Board of Directors that, based on and subject to the assumptions, considerations and limitations set forth in its opinion, the consideration to be received by Uni-Marts' stockholders in the merger is fair, from a financial point of view. A copy of Boenning & Scattergood's written opinion, which sets forth, among other things, the assumptions made, matters considered and limits on the review undertaken, is attached as Annex C to this proxy statement. Stockholders are urged to read the opinion in its entirety. See "SPECIAL FACTORS -- Opinion of Boenning & Scattergood."

POSITION OF UNI-MARTS REGARDING THE PURPOSE OF THE MERGER

Uni-Marts' purpose for the merger is to provide the Public Stockholders with liquidity for their shares at a price above the market trading price for the shares. The shares are not actively traded and Uni-Marts lacks the capital resources for significant growth. See "SPECIAL FACTORS -- Purposes of the Merger."

INTERESTS OF CERTAIN PERSONS

When you consider the recommendation of the Board of Directors to vote in favor of the merger agreement and the merger, you should keep in mind that certain members of the Board of Directors and members of their families and other affiliates have interests in the merger that are different from the interests of Uni-Marts' other stockholders. Henry Sahakian, Chairman of the Board and Chief Executive Officer of Uni-Marts, Daniel Sahakian, a Director of Uni-Marts, and Ara Kervandjian, President of Uni-Marts, are each Affiliated Stockholders and have ownership interests in Green Valley. In addition, Frank R. Orloski, Sr., a Director of Uni-Marts, and Messrs. Henry and Daniel Sahakian and Mr. Kervandjian are recipients of lease payments for certain of Uni-Marts' properties. The Ad Hoc Committee and the Board of Directors were aware of these potential conflicts of interest and considered them in evaluating and approving the proposed merger. See "SPECIAL FACTORS -- Interests of Certain Persons."

POSITION OF THE GREEN VALLEY GROUP REGARDING THE FAIRNESS AND PURPOSE OF THE MERGER

Each of the members of the Green Valley Group believe that the merger is substantively and procedurally fair to the Public Stockholders based on the same factors considered by the Ad Hoc Committee and the Board of Directors of Uni-Marts, including that the merger provides the Public Stockholders with liquidity for their shares, which are not otherwise actively traded, at a premium above the market trading price for the shares prior to the announcement of the proposed merger, and that Uni-Marts lacks the capital resources for significant growth. In making their determination as to the fairness of the merger to the Public Stockholders, each member of the Green Valley Group adopted the analysis of the Board of Directors of Uni-Marts.

The purpose of the Green Valley Group in conducting this transaction is to acquire all of Uni-Marts' common stock issued and outstanding immediately prior to the closing of the merger. The members of Uni-Mart's management who are owners of Green Valley believe that Uni-Mart's future business prospects can be improved by working with the principal beneficial owners of KOTA Holdings and receiving their collective active participation in the strategic direction and operations of the merged entities. In addition, the members of the Green Valley Group believe that Mr. Vakharia's access to capital sources may provide Green Valley with development opportunities not currently available to Uni-Marts. Such opportunities may include the ability to expand the existing business or to obtain financing to acquire similar businesses. See "SPECIAL FACTORS -- Position of Green Valley and the Green Valley Group Regarding the Fairness and Purpose of the Merger."

PLANS OF THE GREEN VALLEY GROUP AFTER THE MERGER

Green Valley will initially continue the current operations of Uni-Marts' business and maintain Uni-Marts' current credit facilities in their present form. Green Valley also plans to evaluate a variety of future alternatives, including the restructuring of these credit facilities, effecting another form of recapitalization or debt restructuring, and selling and licensing stores. See "SPECIAL FACTORS -- Plans of the Green Valley Group after the Merger."

APPRAISAL RIGHTS

If the merger is consummated, only those holders of Uni-Marts' common stock who do not vote in favor of the merger will have certain rights under Section 262 of the Delaware General Corporation Law to demand appraisal of their shares. Under Section 262, stockholders who demand appraisal of their shares and comply with the applicable statutory procedures will be entitled to receive a judicial determination of the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, and payment of that fair value in cash, together with a fair rate of interest, if any. The value so determined could be more or less than, or equal to, the price per share to be paid in the merger. Section 262 of the Delaware General Corporation Law is included in this proxy statement as Annex D. See "SPECIAL FACTORS -- Rights of Dissenting Stockholders of Uni-Marts."

COMPLETION OF THE MERGER

Uni-Marts is working to complete the merger as quickly as reasonably possible. Uni-Marts expects to complete the merger, if it is approved by the stockholders of Uni-Marts, within several days after the special meeting. See "THE MERGER AGREEMENT -- The Merger."

CONDITIONS TO COMPLETION OF MERGER

Uni-Marts and Green Valley will not complete the merger unless several conditions are satisfied or waived by Uni-Marts and Green Valley. These include:

- The merger agreement and the merger shall have been approved by the requisite vote of the holders of Uni-Marts' common stock;

- No final restraining order or injunction or other final order issued by any court or governmental entity preventing the consummation of the merger shall be in effect;

- All governmental and other consents and approvals necessary to consummate the merger shall have been obtained;

- Since September 30, 2003, there shall have been no events with respect to Uni-Marts that constitute a material adverse effect on Uni-Marts;

- Uni-Marts will be in compliance with certain financial parameters at the effective date of the merger;

- Uni-Marts shall have received estoppel certificates and consents from each of its principal lenders; and

- Holders of less than 15% of Uni-Marts' shares elect dissenters' rights.

Any of the foregoing conditions may be waived by Green Valley except the condition that the merger agreement and the merger be approved by the requisite stockholder vote. See "THE MERGER AGREEMENT -- Conditions to the Merger."

REGULATORY FILINGS AND APPROVALS

Uni-Marts does not believe that any material federal or state regulatory approvals, filings or notices are required by Uni-Marts with respect to

consummation of the merger other than (i) filings required under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (ii) filing of (A) a certificate of merger with the Secretary of State of the State of Delaware and (B) articles of merger with the Secretary of State of the Commonwealth of Pennsylvania, and (iii) filings required by state licensing laws. See "SPECIAL FACTORS -- Regulatory Approvals."

SOURCE OF FUNDS FOR THE MERGER

Since both Tri-Color and KOTA Holdings have agreed to contribute their right to receive the cash merger consideration for shares of Uni-Marts' common stock held by them, $9.3 million in cash will be required under the merger agreement to purchase the remaining outstanding shares of Uni-Marts' common stock owned by the Public Stockholders and to pay the cash amounts owed in respect of stock options outstanding at the time of the consummation of the merger. This amount will be paid from funds contributed to Green Valley by Tri-Color and KOTA Holdings. See "SPECIAL FACTORS -- Source of Funds for the Merger."

NO SOLICITATION OF OFFERS; NOTICE OF PROPOSAL FOR THIRD PARTIES

Uni-Marts has agreed in the merger agreement not to participate in or initiate any action designed to facilitate a third party in acquiring Uni-Marts.

However, if a third party makes an unsolicited acquisition proposal, the Board of Directors may, subject to specified conditions, respond to and negotiate with the third party. See "THE MERGER AGREEMENT -- Covenants."

TERMINATION OF MERGER AGREEMENT

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after shareholder approval is obtained:

- By mutual written consent of Uni-Marts and Green Valley;

- By either Green Valley or Uni-Marts (i) if the merger has not been consummated by July 31, 2004, or (ii) if any court or governmental entity has issued a final, non-appealable order or ruling which restrains, enjoins or otherwise prohibits the merger;

- By Uni-Marts if the Uni-Marts Board of Directors receives a superior proposal that it determines to be fully financed, or if it convenes a special stockholders meeting to approve the merger and fails to obtain the requisite stockholder vote; or

- By Green Valley if the Uni-Marts' Board of Directors recommends to its stockholders a superior proposal or withdraws its recommendation of the merger, or if certain conditions to closing are not satisfied, principally that holders of 15% or more of the Uni-Marts shares elect dissenters' rights or Uni-Marts fails to meet designated financial parameters.

If the merger agreement is terminated because holders of 15% or more of Uni-Marts' shares elect dissenters' rights, Green Valley is required to commence promptly a tender offer to purchase all outstanding Uni-Marts shares at a price of $2.25 per share. If Green Valley acquires a majority of the Uni-Marts shares pursuant to the tender offer and elects to deregister the shares, non-tendering stockholders may lose all liquidity with respect to their shares, and Green Valley will have the power to elect all members of Uni-Marts' Board of Directors. See "THE MERGER AGREEMENT -- Termination."

EXPENSES AND TERMINATION FEES

Uni-Marts and Green Valley have agreed to pay their respective fees and expenses in connection with the merger, whether or not the merger is consummated, except that Green Valley is entitled to an $800,000 break-up fee if Uni-Marts pursues a superior proposal, and Uni-Marts may recover up to $800,000 from Green Valley if the merger agreement is terminated because of a breach by Green Valley of any representation, warranty or covenant. See "THE MERGER AGREEMENT -- Expenses and Termination Fees."

FEDERAL INCOME TAX CONSEQUENCES

For federal income tax purposes, the merger of Uni-Marts into Green Valley will be treated as a sale of assets by Uni-Marts to Green Valley. The Public Stockholders, the Tri-Color Members and KOTA Management will be treated for federal income tax purposes as having sold their Uni-Marts stock for consideration of $2.25 per share, which will trigger the recognition of a taxable gain or loss. See "SPECIAL FACTORS -- Material United States Federal Income Tax Consequences."

CERTAIN QUESTIONS AND ANSWERS ABOUT VOTING AND THE SPECIAL MEETING

Q: WHO IS ENTITLED TO VOTE ON THE MERGER PROPOSAL?

A: Stockholders of record as of the close of business on May 27, 2004 may vote at the special meeting.

Q: WHAT DO I NEED TO DO NOW?

A: Please vote. You are invited to attend the special meeting, however, you should mail your completed, signed and dated proxy card in the enclosed envelope as soon as possible, so that your shares will be represented at the special meeting in case you are unable to attend. No postage is required if the proxy card is returned in the enclosed postage prepaid envelope and mailed in the United States.

Q: HOW DO I VOTE MY SHARES?

A: The answer depends on whether you own your Uni-Marts' stock directly (that is, you hold stock certificates that show your name as the registered stockholder) or if your stock is held in a brokerage account or by another nominee holder.

If you own Uni-Marts' shares directly: Your proxy is being solicited directly by Uni-Marts, and you can vote by doing the following: (1) sign and date the enclosed proxy card, (2) mark the boxes indicating how you wish to vote, and (3) return the proxy card in the prepaid envelope provided. If you sign your proxy card but do not indicate how you wish to vote, the proxies will vote your shares "FOR" the adoption of the merger agreement and approval of the merger. You can also vote in person if you attend the meeting.

If you hold your Uni-Marts' shares through a broker, bank or other nominee: You will receive voting instructions directly from the nominee telling you how you can vote your shares. Ordinarily, you can vote by completing and returning a voting instruction card provided by the nominee. You may also be able to vote by telephone or via the Internet. Please refer to the instructions provided by the nominee with your voting instruction card for information about voting by telephone or via the Internet. If you hold your shares through a nominee and want to vote at the meeting, you must obtain a "legal proxy" from the nominee authorizing you to vote at the meeting.

Q: WHAT IF I WANT TO CHANGE MY VOTE OR REVOKE MY PROXY?

A: A registered stockholder may change his or her vote or revoke his or her proxy at any time before the special meeting by notifying our Corporate Secretary, Mary Ann Miller, in writing, at Uni-Marts' address, 477 East Beaver Avenue, State College, PA 16801-5690, that you revoke your proxy or by filing a duly executed proxy bearing a later date with Ms. Miller. You may then vote in person at the special meeting or submit a new proxy card. You may contact Mellon Investor Services LLC, Uni-Marts' transfer agent, at 800-756-3353 to get a new proxy card.

If you hold your shares through a broker, bank or other nominee and wish to change your vote, you must follow the procedures required by such nominee.

Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY OR VOTING INSTRUCTION CARD?

A: It means your shares are registered differently or are held in more than one account. Please provide voting instructions for each proxy card that you receive.

Q: WHO WILL COUNT THE VOTES?

A: Mellon Investor Services LLC, Uni-Marts' transfer agent, will count the votes.

Q: WHAT IS THE EFFECT IF I FAIL TO GIVE INSTRUCTIONS TO MY BROKER?

A: If your shares are held by a broker, bank, or other nominee recordholder and you sign but do not give instructions on the voting instruction card, your nominee recordholder will not have authority to vote your shares. If a nominee holding shares on behalf of a stockholder does not receive voting instructions from the stockholder by a specified date before the special meeting, the shares will be counted as present for purposes of determining whether a quorum is present, but the shares will not be voted. This is called a "broker non-vote." Brokers, banks and other nominees will not have authority to vote on the merger proposal without instructions from the stockholder. The effect of a broker non-vote on the outcome of the vote, therefore, is the same as a vote against the merger proposal.

Q: WHAT IS THE EFFECT ON THE OUTCOME OF THE VOTE IF I ABSTAIN FROM VOTING?

A: Abstentions will have the same effect as a vote against the merger proposal.

Q: WHO CAN ATTEND THE SPECIAL MEETING?

A: All stockholders are invited to attend the special meeting. If you plan to attend the special meeting, please bring the admission ticket attached to your proxy card. If you are a stockholder whose shares are not registered in your own name and you plan to attend the special meeting, please bring a copy of the voting instructions sent to you by your broker or other nominee or other evidence of your stock ownership.

Q: ARE THERE ANY EXPENSES ASSOCIATED WITH COLLECTING THE STOCKHOLDER VOTES?

A: Uni-Marts will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and other materials to our stockholders. Uni-Marts does not anticipate hiring an agency to solicit votes from stockholders at this time. Uni-Marts may decide that it is appropriate to have a proxy solicitation agency, in which case, the costs of such service will be paid by Uni-Marts. Officers and other employees of Uni-Marts may solicit proxies in person or by telephone but will receive no special compensation for doing so.

Q: WILL ANY EMPLOYEES OR ASSETS OF UNI-MARTS BE EMPLOYED OR USED IN CONNECTION WITH THE TRANSACTION?

A: Officers and employees of Uni-Marts are participating in the preparation of this proxy statement, and Uni-Marts will pay its own expenses to consummate the merger. Officers and employees of Uni-Marts may participate in the preparation of other proxy solicitation materials, if necessary. As described in the preceding answer, a proxy solicitation agency and/or officers and other employees of Uni-Marts may be called upon to solicit proxies in person or by telephone but will not receive any special compensation for doing so. Other than the foregoing, Uni-Marts does not expect its assets to be used in connection with the consummation of the merger.

Q: WHAT HAPPENS IF I SELL MY UNI-MARTS SHARES BEFORE THE SPECIAL MEETING?

A: The record date for the special meeting is May 27, 2004, which is earlier than the expected date of the merger. If you transfer your shares after the record date but before the merger, you will retain your right to vote at the special meeting, but the right to receive $2.25 in cash per share will pass to the person to whom you transfer your shares.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. If the merger is completed, you will receive written instructions explaining how to exchange your Uni-Marts stock certificates for cash.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains certain forward-looking statements that involve risks, uncertainties and assumptions. These statements are based on Uni-Marts' expectations, as of the date of this proxy statement, of future events and are subject to uncertainty and changes in circumstances. Such statements may include statements regarding Uni-Marts' plans, strategies and intentions or future financial performance, and frequently can be identified by the use of terminology such as "believes," "expects," "may," "should" or "anticipates" (or the negative or other variations thereof) or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Although Uni-Marts believes that its expectations are based on reasonable assumptions within the bounds of its knowledge, Uni-Marts' stockholders are cautioned that such statements are only projections and that actual events or results may differ materially from those expressed in any such forward-looking statements. In particular, Uni-Marts cannot assure you that the merger will be consummated. The forward-looking statements contained in this proxy statement include, but are not limited to, statements about the merger and expectations as to Uni-Marts' future results. The following factors, among others, could cause actual results to differ materially from those described herein: failure of the requisite number of our stockholders to approve the merger; failure of Green Valley or Uni-Marts to meet any condition to closing; litigation challenging the merger; and other economic, business, competitive and/or regulatory factors affecting our business generally, including, without limitation, the following:

- general economic, business and market conditions;
- environmental, tax and tobacco legislation or regulation;
- volatility of gasoline prices, margins and supplies; competition and ability to maintain merchandising margins;
- the ability to successfully consummate Uni-Marts' divestiture program;
- the sufficiency of cash balances, cash from operations and cash from asset sales to meet future cash obligations;
- volume of customer traffic;
- weather conditions;
- labor costs; and
- the level of capital expenditures.

Unless required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

SPECIAL FACTORS

BACKGROUND OF THE MERGER

Uni-Marts' Board of Directors and its Strategic Planning Committee have periodically evaluated our business and operations, as well as our strategic direction and prospects. In the course of such an evaluation in early 2002, Uni-Marts' Board of Directors considered the adverse impact on Uni-Marts' market valuation that it attributed to, among other things, our capital constraints, liquidity concerns due to covenant constraints imposed under our credit facilities, and the level of competition in many of our markets.

On February 27, 2002, management presented to the Board of Directors an analysis for the divestiture of all of our convenience stores except for a limited number of stores which it intended to convert to Choice Cigarette Discount Outlets. The total number of stores to be marketed for sale was 190, including 115 owned and 75 leased locations, and the travel center located in Milroy, Pennsylvania.

The Board of Directors determined to form a separate Ad Hoc Committee to report to the Board of Directors on this divestiture strategy, and three independent directors, Stephen Krumholz, Herbert Graves and Jack Najarian, were appointed as the members of the Ad Hoc Committee. Richard Gallagher, a retired CPA who had been an advisor to the Uni-Marts' Board of Directors since June 1998, was appointed as an advisor to the Ad Hoc Committee.

On March 15, 2002, Ara Kervandjian, President of Uni-Marts, and Greg Petrick, Chief Financial Officer of Uni-Marts, met in Scottsdale, Arizona with representatives of General Electric Capital Franchise Finance Corp of America ("GECFFC"), our principal long-term lender, to discuss our proposed divestiture strategy. The representatives of GECFFC, while noting that the sale of a significant part of our operations would require approval from all of the holders of the indebtedness, indicated that they believed a transaction of this type could receive lender support under the proposed financial parameters. During March 2002, management and members of the Ad Hoc Committee conducted interviews with various financial advisors for assistance in marketing 170 of the stores (management had identified another party interested in marketing the other 20 stores and travel center). Detailed presentations by several of these advisors were made to the Ad Hoc Committee on March 26 and March 27, 2002, and the Ad Hoc Committee, at a meeting held on April 2, 2002, selected Trefethen & Company LLC and Morgan Keegan & Company, Inc. to act as its financial advisors. While our intention at this time was principally directed toward the sale of the 190 convenience stores, the financial advisors were charged to explore and evaluate all strategic alternatives to enhance stockholder value, including a business combination as well as the sale of assets. After receiving GECFFC's support of our selection, we publicly announced the engagement of these financial advisors on April 5, 2002.

For the next several months, our selected financial advisors worked with us to prepare a confidential memorandum describing the 170 store locations being offered for sale and distributed this memorandum, beginning in June 2002, to interested parties as identified by the advisors and management. By July 2002, we had received two written indications of interest for the purchase of the 170 locations. One came from The Kroger Co., which indicated its interest in purchasing not only the business assets of the 170 marketed stores, but also 104 of these 170 real properties owned by Uni-Marts, for a cash price in the range of $55 to $60 million (these 170 properties secured long-term indebtedness of approximately $50.5 million). The other indication of interest came from United Refining Company, which stated its interest in purchasing the inventories and supplies of the 170 stores and leasing the real estate and equipment for an aggregate net lease amount to Uni-Marts of $6.5 million per year (with United Refining also assuming the rental payments on properties leased by Uni-Marts).

The Ad Hoc Committee, at a meeting held on July 23, 2002, reviewed these two responses as well as a summary of several other expressions of interest in specific groups of stores. The Ad Hoc Committee discussed that the confidential memorandum offered to sell the business assets of 170 of Uni-Marts' convenience stores (including inventory, supplies and the Uni-Mart(TM) brand name), but Uni-Marts was not offering to sell the real estate owned by Uni-Marts at 104 of the 170 locations (the other 66 locations were leased by Uni-Marts). Since the Kroger indication of interest included the purchase of the 104 parcels of real property owned by Uni-Marts, and since the United Refining indication of interest did not set forth a price for the business assets at the 170 marketed stores, the Ad Hoc Committee instructed its financial advisors to contact United Refining and Kroger to request that they revise their offers to conform to the parameters set forth in the confidential memorandum. The financial advisors also were asked to gauge Kroger's interest in purchasing Uni-Marts in its entirety. At this meeting, Mr. Kervandjian reported that he had been contacted by Jim Haseotes, a major stockholder of a convenience store operator (Cumberland Farms) whose family limited partnership owned close to 10% of Uni-Marts' common stock. Mr. Haseotes had orally indicated his interest in purchasing Uni-Marts for "book value" if it did not receive a more attractive offer. On July 21, 2002, Mr. Kervandjian had met with Mr. Haseotes and his son to explore their interest in clarifying their offer or, alternatively, in partnering with management to make an offer to purchase Uni-Marts. Mr. Graves reported that he had been contacted by Michael Kelly, attorney for Mr. Haseotes, who reiterated the oral book value offer for Uni-Marts. It was not clear to Messrs. Kervandjian and Graves whether the oral offer of book value included goodwill recorded on our

balance sheet, nor was it clear whether or not the oral offer represented an amount before or after payment of Uni-Marts' severance obligations upon sale. We instructed our counsel to contact Mr. Kelly for clarification. By the time of the Board of Directors meeting later on the day of July 23, 2002, counsel had spoken to Mr. Kelly, who orally confirmed that Mr. Haseotes' book value oral offer was intended to be net of any transaction-related obligations, including change-in-control agreements and payments under our transaction success bonus plan and any option spread values. Mr. Kelly later confirmed that "book value" was intended to mean tangible book value, and not include goodwill.

The Board of Directors instructed counsel to continue to request a written offer from Mr. Haseotes with a clear indication of what amount was being offered, and concluded that at least one member of the Ad Hoc Committee would participate in clarifying offers, together with the financial advisors, to protect the integrity of the process to assure the independent evaluation of the alternatives by the Ad Hoc Committee.

We never received a written offer from Mr. Haseotes, and Kroger did not respond to the financial advisors' request to modify its offer. United Refining, however, amended its indication of interest in August 2002 to present an offer for the business assets of the 170 marketed stores for a price in the range of $25 to $35 million, plus the purchase of the stores' inventories at cost and some undisclosed form of master lease arrangement for the properties. Our financial advisors were instructed by the Ad Hoc Committee to seek to narrow the price range and clarify the proposed master lease arrangement, and our financial advisors held many discussions with United Refining's financial advisors, Hill Street Capital, but were unable to receive a definitive purchase offer for the stores.

During the period from late July through August 2002, management also discussed with the Ad Hoc Committee the possibility of selling the real property as well as the business assets of 100 of our stores through our financial advisors. In September 2002, we engaged a business broker, Avatar Business Connections, Inc., to market the business assets of 70 other stores.

United Refining continued its due diligence investigation of our stores during this period and, on September 30, 2002, notified the Board of Directors in writing (through its affiliate, Red Apple Group), that it now preferred to pursue the purchase of all outstanding Uni-Marts stock, and was "prepared in principle" to pay a per share value in the range of $3.00 to $4.00 subject to further investigation and its ability to assume Uni-Marts' existing debt. The Ad Hoc Committee met on October 2, 2002 to review the United Refining letter. One of our financial advisors who was present at the meeting, Bill Trefethen, recommended that the next action be to contact United Refining's financial advisors to narrow the range of the proposed consideration and clarify the timing of United's due diligence and financing questions. Mr. Trefethen also reported that once such clarifications had been received, a meeting should be scheduled between the parties, and the Ad Hoc Committee advised that either Mr. Krumholz or Mr. Najarian would be present in addition to management at any such meeting. On the same date, our counsel sent a letter to John Catsimatidis, Chairman and CEO of Red Apple Group, expressing the sentiments of the Ad Hoc Committee and asking that the parties attempt to negotiate a draft of the definitive acquisition agreement, as well as have United Refining convert its per share valuation range to a precise offer, prior to the Uni-Marts Board of Directors' next regularly scheduled meeting on October 30, 2002. Greg Petrick also sent a letter to Mark Wood of GECFFC asking him to discuss prospective financing strategies with United Refining and its affiliates concerning the potential acquisition of Uni-Marts.

At the meeting on October 30, 2002, the Board of Directors was advised that negotiations had not been successful in converting United Refining's indication of interest for Uni-Marts into a detailed offer. Henry Sahakian, Chairman and Chief Executive Officer of Uni-Marts, also advised the Board of Directors that based on preliminary results, it appeared that we would report a net loss of approximately $1.3 million, or $0.19 per share, for our fiscal year ended September 30, 2002, as compared to a profit of $451,000, or $0.06 per share, for fiscal 2001. Mr. Petrick explained to the Board of Directors that based on forecasts of fourth quarter results, Uni-Marts would not be in compliance with certain loan pool covenants with GECFFC nor with certain covenants under its revolving line of credit with Provident Bank. Meetings had been held with both lenders to discuss amendments or waiver of covenant defaults and to update them

on our divestiture initiatives. Mr. Petrick also explained that in light of our inability to successfully divest stores in a large group, management had begun to discuss with GECFFC a plan to sell stores in smaller groups and use the proceeds to pay down debt. Management also requested the Board of Directors' approval to allow certain members of management to evaluate a management buyout of Uni-Marts. The Board of Directors authorized management and the Ad Hoc Committee to pursue each of these alternatives, namely the sale of individual stores, and the sale of Uni-Marts either to a third party or to management.

The Ad Hoc Committee next met on December 11, 2002 with management, who reported that Uni-Marts' October and November financial performance had continued to deteriorate compared to budget and to the comparable months in the previous fiscal year. Mr. Krumholz also reported on his meeting with Bill Trefethen and management on the previous day, during which management and Mr.

Trefethen had noted their difficulties in negotiating amendments of loan documents with GECFFC necessary to accommodate our strategy of selling stores in smaller groups. Management recommended that Uni-Marts illustrate to GECFFC the potential adverse financial impact on both Uni-Marts and our lenders if we were unable to execute our divestiture plan in a timely manner. In the absence of a new arrangement regarding our long-term debt, the divestitures of smaller groups of stores would result in substantial loan prepayment penalties and generate minimal excess cash proceeds for Uni-Marts. Virtually all of Uni-Marts' long-term debt is held by GECFFC with approximately half on a fixed rate basis and half on a variable rate basis. Repayment of the variable rate debt requires prepayment penalties ranging from 3% to 5% of the amount outstanding. Repayment of the fixed rate debt requires a yield maintenance payment based on the present value of the principal and interest payments calculated using current reinvestment rates and time remaining until maturity. In order to repay all outstanding debt of Uni-Marts, prepayment penalties and yield maintenance costs would total approximately $7 million. Uni-Marts was seeking a substantial reduction in these debt retirement costs to improve the cash proceeds from the divestitures of stores. The Ad Hoc Committee authorized management, with the assistance of its attorneys and financial advisors, to develop a financial model to present to GECFFC.

Management then prepared a presentation summarizing convenience store industry conditions, Uni-Marts' recent deteriorating financial performance, our divestiture strategies and a restructuring proposal for our long-term debt, and Messrs. Kervandjian and Petrick and George Cerminara, a financial consultant to Uni-Marts, met with representatives of GECFFC on December 23, 2002 in Scottsdale, Arizona to review this presentation. Various alternatives were discussed, including the classification of Uni-Marts in a "special servicing" category to permit GECFFC more authority to amend certain provisions in the long-term debt instruments and allow us to sell stores, prepay debt and build a cash reserve. The GECFFC representatives agreed to provide us with a proposal shortly. The Ad Hoc Committee met on December 26, 2002 to discuss these developments and to address our current engagement of financial advisors that was due to expire on December 31, 2002. The Ad Hoc Committee decided that we should not continue the existing engagement, since the original strategy of a single divestiture of approximately 170 stores had not been successful and the new strategy of a series of divestitures of smaller groups of stores would require different advisory services. Management believed that we required assistance with our negotiations with our long-term lenders to amend the current debt instruments in order to effectuate the newly-evolving store divestiture strategy, and the Ad Hoc Committee authorized Uni-Marts to begin negotiations with Trefethen & Company independently for a new advisory relationship relating to its lender negotiations as opposed to its marketing of assets (with an emphasis on a success fee format). Mr. Trefethen was selected due to his extensive convenience store industry expertise and his knowledge of transactions with GECFFC. The new advisory relationship was entered into with Trefethen & Company on January 7, 2003.

On January 19, 2003, we received a term sheet from GECFFC for a consensual restructuring of our long-term debt, and a meeting was arranged at the lender's offices in Scottsdale, Arizona on February 3, 2003. Attending the meeting for Uni-Marts were Messrs. Kervandjian, Petrick and Cerminara, and David Antzis, a partner of the law firm of Saul Ewing LLP, our principal outside counsel. Immediately prior to the meeting with GECFFC, these individuals participated in a conference call with the members of the

Ad Hoc Committee to review various aspects of the GECFFC term sheet and discuss how best to restructure the long-term debt arrangement. Negotiations with GECFFC continued throughout February and March 2003.

In the interim, United Refining renewed its overtures to acquire Uni-Marts. Management provided United Refining with various requested information, including a list of Uni-Marts' unencumbered assets (real estate and equipment) and the net book value thereof, culminating in a letter sent by e-mail from Martin Bring, counsel for United Refining, to Mr. Antzis on February 26, 2003, stating that United Refining was now prepared in principle to pay $2.25 per share in cash for all Uni-Marts stock. The letter was again subject to satisfactory completion of United's due diligence and assumption of existing debt, and stated that the purchase price would be financed by a combination of corporate liquidity and other resources provided by United Refining, its affiliates and their respective lenders. On February 27, 2003 and February 28, 2003, Uni-Marts' Board of Directors received two separate letters from Michael Kelly, counsel for the Haseotes family partnership, expressing support for United's offer and urging that the Ad Hoc Committee conduct the negotiations with United Refining.

The Ad Hoc Committee met on February 28, 2003 to discuss the February 26, 2003 letter from United Refining. The Ad Hoc Committee discussed that if the latest United letter resulted in an offer, the Committee would need to retain independent financial advisors and counsel to assist the Committee in evaluating the offer. Members of the Committee were concerned that the letter of interest from United Refining might not result in a definitive offer, noting that United Refining did not produce an offer after its letter of interest in the fall of 2002 and that Uni-Marts had spent a considerable amount of time and money on United Refining's due diligence process at that time. The Ad Hoc Committee instructed Mr. Antzis to work with Mr. Krumholz to draft a written response to United Refining requesting financing information that demonstrated United Refining's ability to consummate a transaction, and that Uni-Marts would accommodate further due diligence after receiving satisfactory evidence of United Refining's financing. Such a letter was sent on March 3, 2003. Thereafter, a letter dated March 21, 2003 from Fleet National Bank to United Refining was provided to the Ad Hoc Committee indicating that Fleet was willing to work closely with United Refining management to explore the possibility of acting as sole arranger and/or underwriter for a bank facility to finance the acquisition of Uni-Marts, subject to completion of satisfactory due diligence, Fleet's credit review and approval process and a number of other conditions. By letter from Mr. Krumholz to Henry Sahakian dated March 25, 2003, management was advised that the Ad Hoc Committee believed the Fleet letter provided by United Refining was a sufficient indication of its financing prospects to permit a continued due diligence investigation of Uni-Marts, and that the Ad Hoc Committee had given Mr. Petrick the authority to coordinate the assembly of any further information requested by United Refining. We provided a similar letter from Mr. Antzis to United Refining on the same date, and Mr. Petrick received an additional due diligence request from United Refining on March 31, 2003.

In its letter to United Refining on March 3, 2003, Uni-Marts had requested that United Refining convert its indication of interest into a firm offer, and had stated that meaningful negotiation could not take place until such an offer was submitted. United Refining never responded to this request (until submitting a letter of intent in May 2003 as discussed below), and instead United Refining simply pursued its financing and due diligence activities. In the meantime, we continued to act to advance our asset divestiture strategy. Effective April 1, 2003, Provident Bank agreed to amend its revolving credit facility with Uni-Marts (i) to extend the maturity from April 20, 2004 to December 31, 2004, (ii) to extend the seasonal line of credit increase of $2 million through April 30, 2004, and (iii) to amend certain financial covenants to align them with our divestiture plan. On April 22, 2003, GECFFC signed a term sheet to release 117 of our store locations from its loan pools for a period of approximately 18 months, thereby reducing prepayment penalties and other restrictive conditions of the loans in their then current form. We also entered into two separate asset sale agreements in April 2003 to sell four Virginia stores and 18 other stores, respectively.

The Ad Hoc Committee interviewed several law firms during late April and early May 2003 to serve as its independent counsel, and the Ad Hoc Committee determined to retain Rhoads & Sinon LLP on May 15, 2003 as counsel to the Ad Hoc Committee.

On April 30, 2003, Martin Bring, counsel for United Refining, delivered by facsimile transmission to Mr. Antzis a financing commitment letter from Fleet National Bank. Mr. Antzis informed Mr. Bring that Uni-Marts had recently entered into an agreement to sell a number of convenience stores. Mr. Antzis also advised Mr. Bring that United Refining's ongoing due diligence without the submission of a formal offer was causing a burden on Uni-Marts' internal resources. Mr. Antzis again inquired whether a formal offer would be forthcoming. On May 12, 2003, United Refining submitted a letter of intent for a cash merger with Uni-Marts at a price of $2.25 per share. On May 14, 2003, HFL Corporation, a privately-held corporation controlled by Henry and Daniel Sahakian, submitted to the Ad Hoc Committee its letter of intent for the acquisition of all Uni-Marts common stock, also at a cash price of $2.25 per share. HFL had held a Board of Directors meeting on April 21, 2003 to discuss the possibility of making a proposal for the purchase of all of the outstanding shares of Uni-Marts, and had signed a confidentiality agreement with Uni-Marts on April 22, 2003. Between April 22 and May 14, 2003, HFL formulated its offer letter after review of publicly available information and the outstanding number of Uni-Marts' shares not already owned by the Tri-Color Members. Since Henry and Daniel Sahakian were already directors and Henry Sahakian was an executive officer of Uni-Marts, there was no need for any additional formal due diligence as would customarily be performed by an unrelated third party. The first time the HFL Board met to consider making a proposal was April 21, 2003.

On May 15, 2003, the Ad Hoc Committee met to discuss the letters of intent from United Refining and HFL. Messrs. Henry and Daniel Sahakian were not members of the Ad Hoc Committee and did not participate in this meeting or subsequent meetings of the Ad Hoc Committee in May 2003 to evaluate the United Refining and HFL offers. The negative features of each letter of intent were discussed. The negative aspects of the United Refining letter of intent were that it was a non-binding proposal to acquire Uni-Marts, it contained a standstill provision preventing Uni-Marts not only from seeking any other merger partner, but from selling any stores, through June 30, 2003, it did not state whether the definitive merger agreement would contain a financing contingency and it was also still subject to United's satisfactory completion of due diligence in its sole discretion. The negative aspects of the HFL letter of intent were that it required the payment of a $2.5 million break-up fee due upon the signing by Uni-Marts of an agreement for a fundamental transaction with any other party.

The Ad Hoc Committee concluded that it was not in a position to immediately accept either offer because the Ad Hoc Committee had no basis to determine whether $2.25 per share was an adequate or fair price for the unaffiliated stockholders, and that the Ad Hoc Committee needed to engage an investment banking firm to advise the Ad Hoc Committee on the fairness of these proposals from a financial point of view. Charles Ferry, a partner of the law firm Rhoads & Sinon, was instructed to draft a response letter to each of United Refining and HFL, informing them that the Ad Hoc Committee would be consulting with an investment banking firm.

Following its receipt of the offer from HFL, the Ad Hoc Committee directed counsel to the Committee to communicate with counsel to United Refining in writing indicating the manner in which United Refining's letter of intent would need to be revised in order to be considered further by the Committee. Counsel to the Ad Hoc Committee, by letter dated May 16, 2003, advised counsel to United that in order to be considered further by the Ad Hoc Committee, United Refining needed to submit a revised letter of intent which would constitute a binding proposal and state whether or not a definitive merger agreement would be subject to a financing contingency or other material contingency, in addition to shareholder and regulatory approvals. The letter from counsel to the Ad Hoc Committee also advised that a revised proposal from United Refining should indicate what additional due diligence, if any, would be required by United Refining prior to executing a definitive agreement and set forth a timeframe in which that due diligence would be completed. The letter also requested that any revised and binding proposal from United Refining be received no later than May 22 in order to be considered by the Ad Hoc Committee at the same time it was considering the offer from HFL.

On May 23, 2003, the Ad Hoc Committee interviewed three investment banking firms and ultimately selected Boenning & Scattergood, Inc. to advise the Ad Hoc Committee as to the fairness, from a financial point of view, of any transaction transferring control of a material interest in Uni-Marts or our assets. Such selection was in part based on Scattergood's focus on mergers and acquisitions in middle market companies and the level of experience of the team assigned to the project. Several days later, Mr. Ferry contacted Robert Young, a partner of the law firm McCausland, Keen and Buckman and counsel for HFL, to request an extension of time to respond to HFL's letter of intent, since the letter expired by its own terms at the close of business on May 28, 2003. HFL was unwilling to extend the letter of intent and the Ad Hoc Committee met on May 28, 2003 to consider the offer. Given the absence of any due diligence contingency or standstill provision in the HFL offer, Mr. Ferry was authorized to negotiate the HFL letter with the goals of (1) substantially reducing the amount of the break-up fee, (2) providing that the break-up fee would only be due upon consummation of a transaction with a third party, as opposed to the signing of an agreement with a third party, (3) requiring that a definitive agreement be signed with HFL by June 30, 2003, and (4) conditioning Uni-Marts' obligation to enter into an agreement on the receipt of a fairness opinion indicating that the $2.25 cash price was fair from a financial point of view to Uni-Marts' stockholders. The parties continued to negotiate before and during a Board of Directors meeting held later that day, and ultimately HFL agreed to reduce the break-up fee to $1.5 million, payable only upon the consummation of a third party transaction within six months of the termination of the letter of intent, and that the letter of intent would expire if the Ad Hoc Committee did not receive a fairness opinion or a definitive agreement was not signed by June 27, 2003. Mr. Ferry was authorized to revise the letter of intent with Mr. Young for execution as soon as possible. Messrs. Henry and Daniel Sahakian participated in the May 28, 2003 Board meeting to discuss the offer from HFL and the requested changes to such offer by the Ad Hoc Committee, but they excused themselves from the meeting while the Board discussed the United Refining offer and abstained from any Board vote on either transaction.

On May 29, 2003, Mr. Ferry received a telephone call and revised draft proposal from United Refining. The new proposal did not contain any material changes or eliminate any of the contingencies set forth in United Refining's proposal of May 12, 2003. The Ad Hoc Committee met on June 2, 2003 and reviewed with counsel the failure of United Refining's revised proposal to address any of the Committee's prior concerns. The Ad Hoc Committee determined that the HFL letter of intent was preferable to the United Refining letter of intent even though the revised HFL letter of intent contained a $1.5 million break-up fee with a 6-month trailing provision, because the United Refining letter of intent had not been revised by United and still contained the negative features discussed above. Specifically, the United Refining letter of intent still constituted a non-binding proposal, required that Uni-Marts negotiate exclusively with United Refining through June 30, 2003, was subject to United Refining's satisfactory completion of due diligence in its sole discretion and did not state whether a definitive merger agreement would contain a financing contingency. The HFL letter of intent also required HFL to pay a $250,000 cash deposit at the time of signing the letter of intent which was nonrefundable if HFL did not proceed to close a transaction for any reason except (1) the failure of the parties to execute a definitive merger agreement, (2) the failure of the Uni-Marts Board of Directors to amend Uni-Marts' shareholder rights plan to permit a transaction with HFL to be consummated, or (3) the failure of Uni-Marts' lenders to consent to HFL assuming Uni-Marts' outstanding debt obligations. The Committee approved the final version of the letter of intent with HFL and the letter was signed late that day and publicly announced the following morning.

In the days following the execution of the letter of intent, principals of HFL contacted representatives of GECFFC and Provident Bank to determine whether such lenders would permit HFL to assume the indebtedness of Uni-Marts. HFL was advised by Provident that it would likely require some form of personal guarantees of the principals of HFL or performance milestones as a condition to providing consent to the assumption of its indebtedness because of HFL's privately-held status, and the fact that following the proposed merger HFL would be highly-leveraged. In addition, Provident indicated that it might insist upon the right to require HFL or its principals to contribute additional capital to Uni-Marts under designated performance milestones. Representatives of HFL called Mr. Krumholz on June 17, 2003 to advise him that HFL had decided to terminate the letter of intent because HFL's principals were not

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willing to provide personal guarantees or to agree to capital calls in order to obtain Provident's consent. Mr. Krumholz had Mr. Ferry speak to a Provident representative, who confirmed that it was highly likely that Provident would impose such conditions. The letter of intent between Uni-Marts and HFL was terminated on June 18, 2003.

Mr. Ferry called Mr. Bring on June 18, 2003 to advise him of the termination of the HFL letter of intent, in order to ascertain whether United Refining was interested in resuming merger discussions. Mr. Bring expressed some concern on behalf of United Refining as to whether Uni-Marts' lenders would impose the same personal guarantee requirement on any private third party purchaser. Mr. Ferry suggested a face-to-face meeting between representatives of the Ad Hoc Committee and United Refining, but United Refining never affirmatively responded to the invitation for further discussions.

Thereafter, we renewed our store divestiture efforts. At approximately the same time, the potential buyer of 18 of our stores introduced Messrs. Sahakian and Kervandjian to Mr. Raj Vakharia, who expressed interest in acquiring all of our remaining convenience stores in Pennsylvania (107 stores, of which 63 were owned and 44 were leased) for an aggregate purchase price of approximately $34 million. Mr. Vakharia's counsel submitted a draft asset purchase agreement and a negotiating meeting was held on July 16, 2003 in Philadelphia, Pennsylvania among Mr. Vakharia, Mr. Kervandjian and counsel for the parties. By the time of the meeting, the potential purchaser of the 18 stores had terminated its agreement with Uni-Marts, and Mr. Vakharia was negotiating for the purchase of 125 stores for an aggregate price of approximately $41.9 million. We objected to certain of the proposed terms of the transaction, principally that the buyer desired to purchase the stores in three separate transactions over an extended period of time (approximately 18 months), with very little financial exposure to the buyer if it did not elect to consummate the purchase of any group of stores, but with the effect of preventing us from marketing any of these stores to other parties during such extended period of time.

In early August 2003, Mr. Vakharia approached Mr. Paul Levinsohn, a business associate, to assist with the transaction. At the same time, Messrs. Vakharia and Levinsohn indicated that they were interested in submitting a proposal to acquire Uni-Marts. In order to pursue this alternative, however, they requested an exclusive period of time to conduct due diligence and negotiate a definitive acquisition agreement. Mr. Vakharia discussed these issues at a meeting in New York City on August 6, 2003 with Messrs. Henry Sahakian, Kervandjian and Najarian. The Ad Hoc Committee met by conference call on August 8, 2003, during which Mr. Najarian advised the Ad Hoc Committee of his meeting with Mr. Vakharia and the fact that Mr. Vakharia had engaged the investment banking firm of Piper Jaffray to raise additional funds for the transaction. Mr. Vakharia then joined the conference call, accompanied by his counsel, Peter Ehrenberg of the law firm of Lowenstein Sandler PC, and Scott LaRue and John Barrymore of Piper Jaffray, to discuss an exclusivity arrangement between Uni-Marts and the proposed buying entity controlled by Mr. Vakharia, Reliance Management LLC. The parties engaged in a negotiating session, with the Ad Hoc Committee ultimately agreeing to provide Reliance with an approximately 45-day exclusivity period in exchange for a $250,000 cash deposit which would not be refundable except in limited circumstances (principally tied to due diligence problems uncovered by Reliance or if Reliance ultimately offered $1.90 per share or more for all of the outstanding shares of Uni-Marts' common stock and such offer was not accepted by Uni-Marts). Noting that Uni-Marts had not been successful in selling groups of stores and United Refining had not positively responded to invitations for additional discussions, the Ad Hoc Committee instructed counsel to complete the negotiation of an exclusivity agreement with Reliance. The Board of Directors approved the exclusivity arrangement at a special meeting held on August 13, 2003.

Counsel for the parties continued their negotiation of the exclusivity agreement, including issues relating to the conditions under which the cash deposit would or would not be returned to Reliance, and when buyer's environmental due diligence would occur. A meeting was arranged on August 25, 2003, in Florham Park, New Jersey, at the offices of The Kushner Companies. Attending the meeting were all members of the Ad Hoc Committee, Messrs. Henry Sahakian, Kervandjian, Antzis, Ehrenberg, Vakharia and Charles Ramat of The Kushner Companies, a potential investor in Reliance. The parties compromised on open issues by agreeing to eliminate Uni-Marts' demand for a cash deposit in return for Reliance's

agreement not to be reimbursed for environmental due diligence expenses if it discovered environmental issues that caused it to terminate the transaction. The parties also agreed to extend the exclusivity period from September 27, 2003 until October 10, 2003, and instructed counsel to revise the draft agreement accordingly.

Throughout September and early October 2003, Reliance performed its due diligence investigation of Uni-Marts and the parties negotiated a definitive merger agreement. The disputed issues relating to the merger agreement included (a) whether the buyer would be entitled to post-closing indemnification for breaches of Uni-Marts' representations and warranties, (b) whether a portion of the merger price would be escrowed to secure this indemnification, (c) Uni-Marts' ability to accept a superior proposal, and the break-up fee payable to the buyer in such event, (d) buyer's desire to obtain a certain level of voting lock-up agreements, (e) the capitalization of Reliance, and (f) various conditions to closing, including environmental remediation above a certain dollar threshold and the maximum percentage of stockholders electing appraisal rights. The Ad Hoc Committee held meetings on September 25, September 30, and October 9, 2003 to discuss these issues. The September 25 meeting was attended not only by the members of the Ad Hoc Committee and Mr. Ferry, but also by representatives of Uni-Marts' management and Uni-Marts' counsel, Mr. Vakharia and several of his associates and Mr. Ehrenberg to negotiate various aspects of the merger agreement. Mr. Vakharia indicated that Reliance intended to propose a cash merger price of $1.90 per share, and the Affiliated Stockholders indicated that they were prepared to sign voting agreements supporting the merger at that price. There were a number of other conference calls among principals and counsel and exchanges of comments to the merger agreement during this time period. At the Ad Hoc Committee meeting on October 9, 2003, Mr. Krumholz indicated that Reliance had requested an extension of their exclusivity period from October 10 until October 17, 2003, and in light of the substantial progress in negotiations to date, he recommended that such extension be granted. The extension was permitted, and negotiations among counsel and the principals continued, together with two additional Ad Hoc Committee meetings on October 13 and October 16, 2003 to discuss the Committee's negotiating positions on Uni-Marts' behalf. At the meeting on October 16, 2003, the Ad Hoc Committee agreed to extend the exclusivity period with Reliance until the close of business on October 22, 2003.

The Ad Hoc Committee met again on October 21, 2003. Mr. Ferry explained that Reliance was insisting that it obtain a certain level of environmental remediation insurance as a condition to closing, and it was not sure whether it would be required to conduct Phase II environmental testing in order to obtain such insurance. Reliance also was insisting that it be entitled to the reimbursement of its costs in the event that it terminated the merger agreement if the underwriting criteria of its insurance company required Phase II environmental testing and Uni-Marts refused to permit such testing. The parties also had became aware of a pending claim against Uni-Marts, and after negotiations between the Ad Hoc Committee and Reliance, the Committee agreed to a reduction in the price per share to $1.87 to reflect the potential adverse impact of such claim to the surviving entity in the merger. In light of these and other issues, the Ad Hoc Committee decided that while it would allow the negotiations to continue, it would not extend the exclusivity agreement with Reliance beyond October 22, 2003. In addition, on October 23, 2003, Mr. Ramat called Mr. Krumholz and other members of Uni-Marts' negotiating team to inform them that Reliance now intended to obtain representation and warranty insurance to insure breaches of representations and warranties by Uni-Marts and that obtaining such insurance would be reflected in the merger agreement as another condition precedent to Reliance's obligation to consummate the merger. Mr. Ehrenberg also informed Mr. Krumholz in a telephone conversation on October 24, 2003, that Reliance was very concerned about the amount of prepayment penalties which could be incurred by Reliance under Uni-Marts' long-term debt agreements upon the sale of stores following the closing of the merger transaction. At a Uni-Marts' Board of Directors meeting held on October 24, 2003, Messrs. Antzis and Ferry were instructed to notify legal counsel for Reliance that Uni-Marts was willing to continue to negotiate the transaction without exclusivity, and that Reliance should devote the time necessary to complete its due diligence, identify any further issues, obtain commitments for its insurance requirements and then contact Uni-Marts when it was prepared to execute an agreement with very few conditions to closing.

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On October 27, 2003, Messrs. Ferry, Ehrenberg, Krumholz and Uni-Marts counsel conferred via telephone conference call regarding the outstanding issues. Mr. Antzis received a subsequent telephone call from Mr. Ehrenberg on October 30, 2003, during which Mr. Ehrenberg advised Mr. Antzis that Reliance had determined that it required the signing of a definitive merger agreement before it would devote resources toward obtaining binding commitments for the environmental insurance and representation and warranty insurance. Mr. Krumholz had several telephone discussions with Mr. Ferry and representatives of

Uni-Marts management and Uni-Marts counsel on October 30 and October 31, 2003, and as a result of these conversations, Mr. Ferry was instructed to prepare a response in writing to Reliance's counsel outlining the Ad Hoc Committee's positions with regard to the open issues raised by Mr. Ehrenberg. Mr. Ferry sent this letter to Mr. Ehrenberg on November 3, 2003, after an Ad Hoc Committee meeting on the same date to review Mr. Ferry's letter. At the request of Reliance, a meeting was then held in State College, Pennsylvania on November 11, 2003. Messrs. Krumholz and Graves attended the meeting in person, and Mr. Najarian participated by conference call. Also in attendance were Messrs. Ferry, Antzis, Ehrenberg, Henry and Daniel Sahakian, Kervandjian and Petrick, together with Mr. Ramat and Charles Kushner of The Kushner Companies. At the meeting, Mr. Kushner stated that Reliance would require an extension of the exclusivity period until January 9, 2004, because it believed that such period of time was necessary for Reliance to obtain commitments for environmental and representation and warranty insurance and Reliance was unwilling to commit funds to these efforts without a continuing exclusivity arrangement. The Ad Hoc Committee met on November 11, 2003, immediately following the meeting with Reliance, and determined that Reliance could either continue to negotiate without exclusivity or, in the alternative, the Committee would consider signing a definitive agreement after a preliminary meeting with GECFFC to determine its level of support for the assumption of debt by Reliance, and provided that the definitive agreement was revised to eliminate many of the conditions to closing as well as all instances of expense reimbursement to Reliance except in the case of a superior proposal being accepted by Uni-Marts. Mr. Krumholz called Mr. Kushner on November 12, 2003 to discuss these alternatives, and counsel for Reliance delivered a new draft agreement which was then reviewed by the Ad Hoc Committee at a meeting on November 17, 2003. Since many of the changes requested by the Ad Hoc Committee were not reflected in the draft provided by Reliance's counsel, including the elimination of significant conditions to closing, Mr. Ferry was instructed to draft a revised version of the merger agreement and send it to Reliance's counsel. Mr. Ferry sent the revised version several days later, and received no response to the new draft.

In the spring of 2003, D. Christopher Ohly, an attorney with the law firm Blank Rome LLP and counsel to Nancy Ordoukhanian-Ohanissan, Armineh Ordoukhanian-Petrossian, Linda Ordoukhanian and Elsa Ordoukhanian, who (according to an amendment to a Schedule 13D filed in February 2002) collectively owned 838,468 shares or approximately 11.7% of the outstanding shares of common stock of Uni-Marts, had contacted Uni-Marts' counsel to inquire whether Uni-Marts had any interest in purchasing his clients' Uni-Marts stock. He was advised that Uni-Marts was not in a financial position to make such a purchase. In a letter dated June 11, 2003, Mr. Ohly requested on behalf of his clients an opportunity to review certain books and records of Uni-Marts, and after having his clients execute a confidentiality agreement, he was provided with the requested Uni-Marts information. Approximately one month later, Mr. Ohly inquired about arranging a meeting with Uni-Marts management to discuss the Ordoukhanians' interest in making an offer for Uni-Marts. Mr. Ohly was asked to provide some preliminary indication of the nature of his clients' financing and management team for such a transaction. Mr. Ohly did not respond to this request. In late August 2003, counsel for Uni-Marts called Mr. Ohly as a courtesy to advise him that Uni-Marts was about to enter into a letter agreement with another party which would contain a "standstill" provision prohibiting Uni-Marts from negotiating with any other person for a designated period of time. After the termination of the exclusivity arrangement with Reliance in October 2003, counsel for Uni-Marts left a telephone message for Mr. Ohly on October 24, 2003, and sent him a letter on October 28, 2003, notifying him that the exclusive relationship between Uni-Marts and a potential purchaser had expired, Uni-Marts was free to negotiate with other potential buyers and therefore Uni-Marts' management would be pleased to meet with Mr. Ohly and his clients to discuss their interest in acquiring Uni-Marts. Since the date of those communications, neither Uni-Marts nor its counsel has had any further response from Mr. Ohly or the Ordoukhanians on this matter.

In light of the inability to positively advance the merger negotiations with Reliance, the Ad Hoc Committee held a meeting on November 24, 2003 to review certain new alternatives with management. Specifically, Henry Sahakian and Messrs. Kervandjian and Petrick had approached Mr. Krumholz with the possibility of an auction sale process to divest certain store locations. Messrs. Kervandjian and Petrick indicated that they had met the previous week with representatives of National Real Estate Clearing House (NRC), headquartered in Chicago, Illinois, which specialized in the accelerated divestiture of petroleum and convenience store properties through an auction process. They indicated that NRC had recently represented companies such as Shell, BP, Clark, Sunoco and Swifty Serve in conducting auction processes with regard to the divestiture of convenience store properties. Mr. Kervandjian had also discussed this alternative with Dennis Rubin, Executive Vice President and General Counsel of GECFFC. The Ad Hoc Committee discussed in detail the financial parameters of an auction sale process and asked Uni-Marts' management to prepare a written business plan for the auction process by December 5, 2003, so that the Ad Hoc Committee and Board of Directors could consider it during the week of December 8th. Mr. Ferry was instructed to notify Mr. Ehrenberg that the Ad Hoc Committee needed time to consider an alternative proposal. Mr. Ferry sent such a letter to Mr. Ehrenberg on November 25, 2003. Shortly thereafter, Mr. Vakharia contacted Mr. Krumholz asking if the Ad Hoc Committee would oppose Mr. Vakharia's desire to reach out to members of the Sahakian family to possibly form an alliance to pursue the acquisition of Uni-Marts. Mr. Krumholz informed Mr. Vakharia that the Ad Hoc Committee was open to entertaining any offer for Uni-Marts. On December 8, 2003, Mr. Vakharia met with Messrs. Henry and Daniel Sahakian and Kervandjian in Harrisburg, Pennsylvania to discuss this alliance. Mr. Sahakian contacted Mr. Krumholz immediately after this meeting and informed him of the possibility of an alliance being formed between himself and Mr. Vakharia. On December 14, 2003, Mr. Sahakian and Mr. Vakharia came to an understanding whereby they would form an alliance to create an entity that would make an offer for a transaction with Uni-Marts at $2.25 per share. Subsequent to the formation of this alliance, the Uni-Marts Board of Directors did not meet again until January 26, 2004, as negotiations were conducted solely by the members of the Ad Hoc Committee, and information regarding other potential transactions was not released to Messrs. Henry and Daniel Sahakian by the Committee.

The Ad Hoc Committee next met on December 15, 2003 to review a financial analysis prepared by Uni-Marts with regard to the proposed auction sale of the business assets of 178 Uni-Marts' stores through NRC. The pro forma demonstrated that the sales of business assets of the stores without the underlying real estate would not yield sufficient proceeds to repay the indebtedness secured by these stores, and Uni-Marts would therefore require a substantial additional credit facility (at least $27.0 million) to pursue the auction alternative. The Committee also discussed the risks of execution of the auction process and the fact that GECFFC would have to agree to revised terms to its loan agreements with Uni-Marts. In preparing the pro forma with regard to the auction sale of stores through NRC, Uni-Marts did not obtain any valuations or appraisals of the business assets comprising the 178 Uni-Marts stores. The estimated sales price for the stores in the pro forma was based on a multiple of 1.5 times the historical earnings of each store before deducting any interest, taxes, depreciation or amortization. The 1.5 times earnings multiple was within the range provided by NRC as a sales multiple which it had successfully obtained in other convenience store auction scenarios. Mr. Krumholz also reported about the request of Mr. Vakharia to possibly form an alliance with the Sahakians to pursue the acquisition of Uni-Marts. At that time, the Ad Hoc Committee controlled all negotiations involving the sale of Uni-Marts, and Henry and

Daniel Sahakian agreed, as they had during the discussions between HFL and Uni-Marts, to excuse themselves from any Board discussion and abstain from any vote by the Board of Directors regarding a possible transaction between Uni-Marts and an entity they might form with Mr. Vakharia. Mr. Vakharia had discussed this possible alliance with representatives of The Kushner Companies, who had indicated to Mr. Vakharia that they would not seek to oppose his pursuit of this opportunity. Mr. Krumholz then met in Dallas, Texas on December 17, 2003 with Evan Gladstone and Michael Bohnert, executives of NRC, to learn more about the NRC auction sale process. He presented this information to the Ad Hoc Committee at a meeting on December 19, 2003. Mr. Krumholz also advised the Ad Hoc Committee that he and

Mr. Ferry had received a draft letter of intent on December 18, 2003 from the Sahakian/Vakharia group proposing to acquire Uni-Marts at a per share price of $2.25 in cash, and related that these parties had committed that their offer would not contain some of the more onerous conditions required by Reliance's potential investor, The Kushner Companies. The Ad Hoc Committee discussed questions which they required to be answered by the Sahakian/Vakharia group before further negotiations were conducted, including the likelihood that consents to the assumption of indebtedness could be obtained from GECFFC and Provident Bank, the timing of the proposed transaction, whether the acquiring entity had the requisite funds to pay the cash merger consideration and transactions costs, and the possibility of indemnification from the buyer for any potential liability to The Kushner Companies. The Ad Hoc Committee directed Messrs. Krumholz and Ferry to pose these and other questions to Messrs. Henry Sahakian and Vakharia and report back to the Ad Hoc Committee.

On December 22, 2003, the Ad Hoc Committee met again following a telephone conference among Messrs. Krumholz, Ferry, Henry Sahakian, Kervandjian, Vakharia and Antzis on December 19, 2003. Mr. Ferry advised that Mr. Kervandjian had communicated the intent of the Sahakian/Vakharia group to use the existing draft definitive agreement previously negotiated with Reliance as a template for negotiation of a definitive merger agreement, while deleting a number of the conditions to closing required by Reliance), to raise the offered price from the $1.87 per share offered by Reliance to $2.25 per share, and to form a limited liability company (Green Valley) to pursue the transaction. Mr. Kervandjian also indicated that he believed that GECFFC and Provident Bank would provide the required consents to the merger because of the additional cash resources which Mr. Vakharia and his colleagues were supplying to the buying entity. Mr. Sahakian had indicated that members of the Sahakian family owning approximately 40% of the outstanding stock of Uni-Marts would sign voting agreements in favor of the transaction. Mr. Vakharia had indicated that he did not believe termination of his affiliation with The Kushner Companies would give rise to any litigation against either Mr. Vakharia, Uni-Marts or Green Valley as the new buying entity, both because of the discretionary nature of his relationship with The Kushner Companies and the fact that The Kushner Companies had previously supplied only a modest amount of money to Reliance's efforts, which Mr. Vakharia planned to reimburse. The Ad Hoc Committee still had certain outstanding questions about the transaction, such as desiring that members of the Ad Hoc Committee speak with representatives of GECFFC and Provident Bank to determine their support of the transaction, and requesting confirmation from the new buying group of its financing sources to supply the cash necessary to complete the transaction. Subject to these issues, the Ad Hoc Committee supported continuing negotiations with the Sahakian/Vakharia Group.

On December 30, 2003, Mr. Ferry sent to Robert Young, who was now representing Green Valley, an outstanding list of issues concerning the transaction and the merger agreement. Those issues were, (1) the requirement of a mandatory tender offer if the holders of Uni-Marts' shares representing 15% or more of the outstanding shares exercised dissenters' rights, (2) whether Green Valley should have a due diligence out, (3) the appropriateness of various conditions to closing including the obtaining of environmental insurance, limitations on debt and a requirement that Uni-Marts meet certain cash, net operating asset and EBITDA thresholds, (4) the payment of a termination fee if Green Valley elected not to close because of a material adverse change in Uni-Marts, (5) a limit on the damages for which Green Valley could be liable if it defaulted, and (6) the size of a proposed termination fee. On January 7, 2004, Mr. Ferry and Uni-Marts counsel met with Mr. Young in Radnor, Pennsylvania to negotiate the new merger agreement between Uni-Marts and Green Valley. One of the issues discussed was Uni-Marts' requirement of a $400,000 cash deposit from buyer which could be applied toward any future claim for breach of the agreement by buyer (or else applied toward the merger consideration). Mr. Young distributed a new draft of the merger agreement on January 8, 2004, and on January 12, 2004, Messrs. Ferry and Young and Uni-Marts counsel continued their negotiation by conference call. Several days later, another draft of the merger agreement was circulated and counsel continued to consult with their clients and negotiate open issues as to whether a deposit by Green Valley would be required, the appropriate amount of the termination fee, and the limitation on Green Valley's liability if it defaulted.

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On January 16, 2004, the Ad Hoc Committee held a meeting to review the current status of the merger negotiations with Green Valley. Chad Hull, Director of Investment Banking at Boenning & Scattergood, joined the Committee by conference telephone to present his firm's initial analysis and preliminary conclusions as to the fairness of the proposed cash merger consideration to Uni-Marts' stockholders from a financial point of view. Such oral presentation was substantially identical to the presentation by Boenning & Scattergood to the Uni-Marts' Board on January 26, 2004, as discussed below. Mr. Hull indicated that, subject to completion of its analysis and due diligence, Boenning & Scattergood would be prepared to issue a fairness opinion to the Ad Hoc Committee as to whether the merger price of $2.25 per share was fair from a financial point of view to the stockholders of Uni-Marts. Members of the Committee asked Mr. Krumholz to obtain (1) a letter from representatives of the Sahakian/Vakharia group that no significant transaction involving Uni-Marts' assets was imminent, (2) comfort letters from representatives of the Sahakian and Vakharia groups as to their access to funds necessary to consummate the merger, and (3) a letter from representatives of the Vakharia group indemnifying Uni-Marts and its directors and officers for any claims or potential litigation from Reliance Management or The Kushner Companies for failure to proceed with the proposed transaction with Reliance. The Ad Hoc Committee unanimously recommended approval of the merger transaction with the Sahakian/Vakharia group conditioned upon receipt of the various comfort letters identified in the meeting, and its receipt of, and presentation to, the full Board of the fairness opinion from Boenning & Scattergood.

By January 23, 2004, the merger agreement had been revised and delivered to Messrs. Krumholz and Ferry and Uni-Marts counsel in virtually final form. Messrs. Krumholz and Ferry and representatives of Uni-Marts management and Uni-Marts counsel had conference calls on January 12 and January 15, 2004, with representatives of GECFFC and Provident Bank, respectively, to discuss the lenders' willingness to consent to the merger. In a telephone call on January 22, 2004, Mr. Krumholz received assurances from Charles Kushner that The Kushner Companies did not object to Mr. Vakharia pursuing an offer for Uni-Marts with the Tri-Color Members. On January 23, 2004 the negotiated version of the merger agreement and the fairness opinion of Boenning & Scattergood were distributed to all Board of Directors members, and the Board of Directors scheduled a meeting for January 26, 2004, to vote upon the proposed merger transaction.

The Board of Directors was presented at its meeting on January 26, 2004 not only with the final version of the merger agreement, form of voting agreement with the Sahakian family members, and amendment to Uni-Marts' Rights Agreement, but also (a) a letter agreement with Mr. Levinsohn, indemnifying Uni-Marts and the members of the Board of Directors against any claims which might be asserted by The Kushner Companies in connection with the merger transaction, (b) letters from the accountants for Mr. Levinsohn and the Affiliated Stockholders advising that each such party had access to the funds necessary to pay their proportionate shares of the aggregate merger consideration, (c) a letter signed by Mr. Kervandjian and Mr. Levinsohn stating that there was no transaction involving the sale of a significant portion of Uni-Marts' assets imminent at that time, and (d) modifications to Uni-Marts' existing change in control agreements providing that Uni-Marts need not establish a trust fund upon the execution of the merger agreements to satisfy its severance obligations. At the beginning of the Board meeting, Mr. Krumholz summarized the due diligence regarding Green Valley's financing and other matters which he and Mr. Ferry had performed over the past week, and reiterated the Ad Hoc Committee's January 16, 2004 recommendation of the merger with Green Valley.

At the special meeting of Uni-Marts' Board of Directors held on January 26, 2004, Messrs. Ferry and Antzis also reviewed the finalized terms of the proposed merger agreement. The requirement to amend Uni-Marts' Rights Agreement to allow the transaction with the entity formed by the Sahakian/Vakharia Group, named Green Valley Acquisition Co., LLC, was also discussed with the Board of Directors. In addition, representatives of Boenning & Scattergood made a presentation regarding their analysis of the fairness, from a financial point of view, of the merger consideration. See "SPECIAL FACTORS -- Opinion of Boenning & Scattergood." Boenning & Scattergood rendered its written opinion that, as of such date, the consideration to be received by the holders of Uni-Marts' shares of common stock pursuant to the merger agreement with Green Valley was fair from a financial point of view to such stockholders.

After such presentations, Messrs. Henry and Daniel Sahakian left the meeting so that the remaining disinterested members of the Board of Directors could discuss the proposed merger with their attorneys and financial advisors. Following a lengthy discussion, Messrs. Henry and Daniel Sahakian were asked to return to the meeting and Uni-Marts' Board of Directors voted unanimously (with Messrs. Henry and Daniel Sahakian abstaining): (i) to approve the proposed merger with Green Valley, the merger agreement and related exhibits as presented to them, (ii) to amend Uni-Marts' Rights Agreement to allow the acquisition by Green Valley, and (iii) to recommend that Uni-Marts' stockholders vote to approve the merger with Green Valley.

Following the approval of Uni-Marts' Board of Directors, the merger agreement in its definitive form was executed during the evening of January 26, 2004 and publicly announced the following morning.

PURPOSES OF THE MERGER

Uni-Marts' purpose for the merger is to provide the Public Stockholders with liquidity for their shares at a price above the market trading price for the shares. The shares are not actively traded and Uni-Marts lacks the capital resources for significant growth. For the past several years, Uni-Marts' management sought to sell assets to improve Uni-Marts' financial position, but its divestiture plan was never fully realized. As a result, Uni-Marts lacks the funds to effect certain types of transactions, such as a reverse stock split or a tender offer, whereby its stockholders would be given a choice to receive cash payment for their shares or remain as stockholders of Uni-Marts. Thus, these alternative means of going private were never seriously considered by the Ad Hoc

Committee or the Board of Directors. Instead, the Board ultimately opted not to remain public and pursued a sale of the company, either to a third party or a management-led group, to effect the purpose of providing liquidity for the Public Stockholders. The merger with Green Valley creates a liquidity event which Uni-Marts, in light of its current business operations and capital constraints, has been unable to accomplish independently in any significant manner.

REASONS FOR THE AD HOC COMMITTEE'S DETERMINATION

In concluding that the merger is fair to Uni-Marts' stockholders and recommending adoption of the merger agreement to Uni-Marts' Board of Directors, the material factors considered by the Ad Hoc Committee were as follows:

- The Committee is composed solely of independent directors who are not officers or employees of Uni-Marts and will not be owners or employees of Green Valley following the merger. The Committee members have no financial interest in the merger that is different from the interests of Uni-Marts' stockholders, other than the receipt of fees for services as members of Uni-Marts' Board of Directors and committees of the Board of Directors;

- The Committee was given authority, among other things, to evaluate, negotiate and recommend the terms of any proposed transaction, and to refuse to recommend a transaction that it did not believe to be fair;

- The Committee engaged its own separate independent legal counsel and investment banking firm in evaluating, negotiating and recommending the terms of the merger agreement. The Committee's firm, Boenning & Scattergood, had no previous affiliation or involvement with Uni-Marts, its management or the owners of Green Valley and were under the exclusive direction of the Committee;

- The Committee, together with legal advisors, conducted multiple active negotiating sessions and discussions with representatives of Green Valley and other interested parties;

- The Committee members' familiarity with Uni-Marts' business, financial results and prospects and their knowledge of Uni-Marts' industry, which they have developed through their years of service as members of Uni-Marts' Board of Directors, and their general business knowledge and experience;

- Boenning & Scattergood's presentation at the Board of Directors meeting on January 26, 2004 regarding the fairness of the price, and its opinion, subject to the considerations and limitations set forth in the opinion, that the price is fair, from a financial point of view, to the stockholders. See "SPECIAL FACTORS -- Opinion of Boenning & Scattergood" and the copy of Boenning & Scattergood's opinion attached as Annex C to this proxy statement;

- The relationship between the $2.25 price per share to be paid in the merger and the recent market prices of Uni-Marts' common stock. As reported by Boenning & Scattergood, the $2.25 per share to be paid in the merger represented (i) a 27.8% premium over the closing sale price per share for the one trading day prior to January 22, 2004 (the date of preparation of Boenning & Scattergood's fairness analysis), (ii) a 38.9% premium over the closing price for the five trading days before January 22, 2004, and (iii) a 33.1% premium over the closing sale price per share for the 30 trading days before January 22, 2004. These premiums compared to the median premiums in 168 similar-sized transactions analyzed by Boenning & Scattergood of 34.2%, 39.1% and 49.6%, respectively. While the $2.25 per share offer from Green Valley in January 2004 represented a much smaller premium to the market price of Uni-Marts' shares immediately prior to the announcement of the transaction, as compared to the premium over market represented by the $2.25 per share offered in the United Refining and HFL letters of intent in May 2003, the Committee took into account (i) the substantial increase in the market price of Uni-Marts' shares following announcement of the execution of the HFL letter of intent (from $1.70 per share on May 30, 2003 to $2.19 per share on June 3, 2003, the date of the announcement), and (ii) the fact that the market price of Uni-Marts' shares remained at much higher levels from June 2003 to January 2004 than the price per Uni-Marts' share in early 2003. The premium to the market price of Uni-Marts' shares at the time of announcement of the Green Valley offer was significantly less than the premiums to market price at the time of the United Refining and HFL offers in May 2003, due to the increase in the price of Uni-Marts' shares caused by those earlier offers and continuing higher price level thereafter. The last day on which Uni-Marts' share price closed at a price equal to or in excess of $2.25 per share was July 22, 2002;

- The relation of the price to be paid in the merger and the implied valuation multiples of this price to (i) multiples implied by Boenning & Scattergood's comparable company analysis (the implied multiples based on the offer were higher than the median values in the case of four of the multiples examined, lower in the case of two and within or above the range in the case of all six of the multiples), (ii) implied equity values per share and enterprise values for Uni-Marts resulting from Boenning & Scattergood's discounted cash flow analysis and implied values resulting from Boenning & Scattergood's sensitivity analysis conducted as part of its discounted cash flow analysis which were below the offer price in the No Divestiture Scenario (defined below) and above the offer price in the Divestiture Scenario (defined below), (iii) implied multiples resulting from Boenning & Scattergood's industry transactions analysis (the implied multiples based on the offer were higher than the median values in the case of four of the multiples examined, lower in the case of two and within or above the range in the case of five of the six multiples), (iv) implied internal rates of return resulting from Boenning & Scattergood's financial sponsor analysis which were below, in all scenarios, generally required rates of return, (v) premiums paid to prevailing share price in recent transactions based on Boenning & Scattergood's premiums paid analysis which were lower than the median comparable values in all scenarios but within the range of comparable values in all scenarios, and (vi) indicated equity values per share resulting from Boenning & Scattergood's liquidation analysis which were less than $0.00 per share. See "SPECIAL FACTORS -- Opinion of Boenning & Scattergood";

- The geographic areas in which Uni-Marts operates are highly competitive and each store's ability to compete depends on its location, accessibility, product offerings and customer service. Uni-Marts competes with other convenience store chains, gasoline stations, supermarkets, drug stores, discount stores and mass merchants. In recent years, several non-traditional retailers, such as supermarkets and mass merchants, have impacted the convenience store industry by entering the gasoline retail

business. In addition, the convenience store industry experienced a double-digit percentage drop in cigarette sales in 2002, attributed largely to the loss of sales to mail order and Internet cigarette merchants. While the convenience store industry held its own in 2003 with respect to cigarette sales (which increased 1.8% overall), in the convenience store sector, sales declined on a per store basis by 0.6%. In many instances, our competitors have greater financial, marketing and other resources than Uni-Marts does. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry. The Committee considered it unlikely that Uni-Marts would grow through new store locations or market share gains vis-a-vis its major competitors. The Committee also noted that Sheetz and WaWa have entered into many of Uni-Marts' markets. The decision to sell Uni-Marts and, ultimately, to go private at this time was largely based on these competitive pressures and Uni-Marts' liquidity concerns;

- The limited benefit to Uni-Marts' stockholders resulting from being publicly held. The common stock has experienced very thin trading volume (approximately 2,300 shares per day over the prior four years). On many days Uni-Marts' shares do not trade and relatively small trades can have a significant impact on the trading price. There is no significant institutional sponsorship of Uni-Marts' shares and no coverage by institutional research analysts. As a result, stockholders do not enjoy meaningful liquidity in their holdings and are unable to sell significant numbers of shares without a negative effect on the trading price, and Uni-Marts' shares are not viable currency for acquisitions. Uni-Marts also is not in a position to raise additional financing through the public capital markets;

- The expenses to Uni-Marts of the reporting and compliance requirements of a public company (approximately $850,000 annually), including the increased costs to Uni-Marts for reporting and compliance issues following adoption of the Sarbanes-Oxley Act of 2002 and related rules and regulations (approximately $150,000);

- The Committee's belief that in the absence of a transaction, the stockholders' ability to realize value in excess of $2.25 per share would be doubtful and would be accompanied by significant risks. The Committee's belief was based on the strength and resources of Uni-Marts' competitors, the instability of petroleum wholesale prices, increased competition among retailers for market share during the slow economic recovery period experienced in 2002 and 2003, trends in the convenience store industry (described above) and Uni-Marts' relative size and lack of capital resources;

- The Committee's belief that it was unlikely that any other buyer would be willing to pay a price for Uni-Marts greater than $2.25 per share in cash. This belief was based on the long history of our attempt to sell Uni-Marts to a third party. See "SPECIAL FACTORS -- Background of the Merger."

- The fact that the merger consideration will be paid entirely in cash, which eliminates any issues related to valuing the merger consideration;

- The fact that Uni-Marts may consider unsolicited alternative acquisition proposals that are superior to the Green Valley offer, to the extent required in connection with the directors' discharge of their fiduciary duty. See "THE MERGER AGREEMENT -- Covenants."

The material risks and other potential detriments concerning the merger considered by the Ad Hoc Committee were as follows:

- Following the merger, stockholders (other than the Tri-Color Members and KOTA Management because of their direct or indirect ownership of Green

Valley) will cease to participate in any future earnings growth of Uni-Marts or benefit from any increase in the value of Uni-Marts (just as they will cease to bear the risk of any decrease in the value of Uni-Marts);

- Under the terms of the merger agreement, Uni-Marts is unable to solicit or encourage other acquisition proposals;

- If the merger agreement is terminated because Uni-Marts receives a "superior proposal," as discussed in more detail under "THE MERGER AGREEMENT," Green Valley shall be entitled to receive a termination or "break-up" fee of $800,000 from Uni-Marts. The obligation to pay this fee may deter another party from making a superior proposal;

- A stockholder generally will be required to include in his or her taxable income the amount, if any, by which $2.25 exceeds the stockholder's basis in his or her shares of Uni-Marts' common stock. If the shares are a capital asset in the hands of the stockholder, resulting gain may be long-term or short-term capital gain, depending on the stockholder's holding period for the shares. See "SPECIAL FACTORS -- Material United States Federal Income Tax Consequences";

- Through voting agreements, Green Valley controls the vote of approximately 45.8% of the outstanding common stock of Uni-Marts (47.9% including options exercisable by June 29, 2004). This substantial voting percentage significantly increases the likelihood that the merger will be approved, even if a group of Public Shareholders vote against the merger;

- Certain equity owners of Green Valley, who include Uni-Marts' President and Chief Executive Officer, have conflicts of interest because of their continued employment and equity ownership in Green Valley following the merger (including their right to certain preferential distributions from Green Valley; see "SPECIAL FACTORS -- Other Agreements Between Green Valley, the Tri-Color Members and Uni-Marts");

- Disruption to the operations of Uni-Marts and the morale of its employees might result following announcement of the merger, due to employee concerns regarding continued employment as a result of store closings. If, for any reason, the merger is not completed, Uni-Marts could encounter (i) liquidity problems if it is unable to divest store locations in a timely manner and on acceptable terms, and (ii) adverse changes to its current bank or vendor relations. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS -- Liquidity and Capital Resources."

The Committee concluded that the positive factors described above supporting the fairness of the merger to the Uni-Marts' stockholders outweighed the negative factors. Because of the number and variety of factors considered, the Committee members did not find it practicable to quantify or otherwise assign specific relative weights to each of the factors and analyses considered by them in reaching their conclusion. The Committee's determination was made after considering all these factors together. In reaching its determination to recommend adoption of the merger agreement to the Uni-Marts Board of Directors, the Committee relied upon and adopted the financial and comparative analyses prepared by Boenning & Scattergood and the fairness opinion issued by Boenning & Scattergood.

RECOMMENDATIONS OF THE AD HOC COMMITTEE AND BOARD OF DIRECTORS

On January 16, 2004, the Ad Hoc Committee unanimously determined that the merger and the merger agreement are advisable, fair to and in the best interests of Uni-Marts' stockholders, generally, and the Public Stockholders, in particular, and recommended (subject to receipt of a fairness opinion and the receipt of various comfort letters identified in the meeting) that the Board of Directors and Uni-Marts' stockholders adopt and approve the merger agreement and the merger. On January 26, 2004, the Board of Directors relied on the unanimous recommendation of the Ad Hoc Committee, and, after a thorough discussion, which included a review of the merger agreement with its legal advisors and a presentation of the fairness opinion by Boenning & Scattergood, adopted the Ad Hoc Committee's analysis and conclusions and determined that the merger and the merger agreement are procedurally and substantively fair to and in the best interests of Uni-Marts' stockholders, generally, and the Public Stockholders, in particular, and recommended that Uni-Marts' stockholders adopt the merger agreement and approve the merger. Henry Sahakian and Daniel Sahakian attended the Board of Directors meeting for quorum purposes, but abstained from voting with respect to the merger and the merger agreement. At this meeting, the Board of Directors did not consider any other alternatives to the merger.

A separate vote of a majority of the Public Stockholders was not imposed by the Board as a condition of approving the merger because the Board, in adopting the recommendations of the Ad Hoc Committee, determined that the Ad Hoc Committee had fairly and fully negotiated the merger in a disinterested and informed manner, with advice and assistance of independent legal counsel and investment bankers. The Board was aware of the process followed by the Ad Hoc Committee and concluded that the process was procedurally fair to all Uni-Marts' stockholders, including the Public Stockholders. Factors considered in determining that the Ad Hoc Committee had functioned in a proper and procedurally fair manner for the benefit of all stockholders included the following:

- Committee members were independent from Green Valley and the controlling shareholders of Uni-Marts.

- The Committee was given full authority to negotiate on an arm's-length basis with representatives of Green Valley and to recommend for or against the merger.

- The Committee was formed in February 2002 and empowered to conduct all negotiations as soon as it became apparent that management and controlling shareholders of Uni-Marts would be involved on both sides of the merger.

- The Committee presented a process and record of informed, deliberate and careful negotiations.

- The Committee demonstrated that it had the power to and did actively negotiate with the buyer regarding the material terms of the merger.

- The Committee had authority to and did hire its own independent and conflict-free legal and investment banker.

In view of the foregoing, the Ad Hoc Committee and Board of Directors believe that sufficient procedural safeguards exist to ensure the fairness of the merger and to permit the Ad Hoc Committee to effectively represent the interests of the Public Stockholders, and therefore, additional unaffiliated representatives to act on behalf of the Public Stockholders are not necessary.

POSITION OF THE GREEN VALLEY GROUP REGARDING THE FAIRNESS AND PURPOSE OF THE

MERGER

SEC rules require the members of the Green Valley Group to express their beliefs as to the substantive and procedural fairness of the merger to the Public Stockholders. Each of the members of the Green Valley Group (GreenValley, Henry Sahakian, Daniel Sahakian, Ara Kervandjian, Tri-Color, HFL, Raj Vakharia, Paul Levinsohn, KOTA Holdings and KOTA Management) believe that the merger is substantively and procedurally fair to the Public Stockholders even though a majority vote of the Public Stockholders is not required to approve the merger, for the same reasons that the Ad Hoc Committee and the Board of Directors of Uni-Marts concluded that the merger was procedurally fair to the Public Stockholders. In reaching this conclusion, each of the members of the Green Valley Group adopted the analysis of the Board of Directors of Uni-Marts. See "SPECIAL FACTORS -- Recommendations of the Ad Hoc Committee and Board of Directors."

The purpose of the members of the Green Valley Group for the merger is to allow certain members of Uni-Marts' management, working in a new alliance with the beneficial owners of KOTA Holdings, to create an enhanced platform for future business opportunities. By acquiring all of the Uni-Marts' stock and leveraging the industry contacts of Mr. Vakharia, the members of the Green Valley Group believe that Green Valley will be better situated to negotiate with existing lenders and seek new financing sources, as well as to divest assets and pursue new growth opportunities. The Green Valley Group considered one alternative means of conducting the transaction, namely a tender offer for the Uni-Marts shares. While the merger agreement requires Green Valley to pursue a tender offer if holders of 15% or more of the Uni-Marts shares elect dissenters' rights and Green Valley terminates the merger agreement, the Green Valley Group prefers to conduct the transaction as a merger and cause all Public Stockholders to receive cash for their shares. This allows the Green Valley Group to receive all of the benefits of its implementation plan commensurate with its efforts, but also to bear all of the risks of execution without

liability to unaffiliated stockholders. See "SPECIAL FACTORS -- Plans After the Merger" for a description of the post-merger plans of the Green Valley Group. The proposed merger was not motivated by any ability on Green Valley's part to avoid or delay the payment of taxes. As described later, Uni-Marts' tax loss carryovers will not be available to offset profits of Green Valley, if any, after the merger. See "SPECIAL FACTORS -- Material United States Federal Income Tax Consequences."

OPINION OF BOENNING & SCATTERGOOD

On May 23, 2003, the Ad Hoc Committee retained Boenning & Scattergood in connection with the proposed transactions for the sale of Uni-Marts and to deliver an opinion to the Ad Hoc Committee as to the fairness, from a financial point of view, to Uni-Marts' stockholders of the consideration to be received in connection with such a transaction.

The engagement letter between Boenning & Scattergood and the Ad Hoc Committee provides that, for its services, Boenning & Scattergood is entitled to receive a fee of $125,000, of which $25,000 was payable upon its engagement and $100,000 was payable upon delivery of Boenning & Scattergood's written opinion. Boenning & Scattergood will be reimbursed for certain of its out-of-pocket expenses, including legal fees, and be indemnified for certain losses, claims, damages and liabilities relating to or arising out of services provided by Boenning & Scattergood. Neither Uni-Marts nor any affiliate imposed any limitation on the scope of the fairness opinion or provided any instructions to Boenning & Scattergood with respect to the fairness opinion.

The following paragraphs summarize the financial and comparative analyses performed by Boenning & Scattergood in connection with its opinion. The following paragraphs also describe the financial and comparative analyses used in preparation of the materials distributed to the Board of Directors on January 23, 2004. Boenning & Scattergood has consented to being named in this proxy statement. The summary does not represent a complete description of the analyses performed by Boenning & Scattergood; however, it does capture the results of all of the material analyses performed by Boenning & Scattergood.

Boenning & Scattergood was retained by the Ad Hoc Committee on the basis of its experience, expertise and familiarity with a wide variety of comparable businesses and transactions. As part of its investment banking business, Boenning & Scattergood regularly is engaged in the valuation of assets, securities and companies in connection with various types of asset and securities transactions, including mergers, acquisitions, going-private transactions, private placements and valuations for various other purposes, and in the determination of the adequacy of consideration in such transactions. In the ordinary course of its business as a broker-dealer, Boenning & Scattergood may, from time to time, purchase securities from, and sell securities to, Uni-Marts. In the ordinary course of business, Boenning & Scattergood may actively trade the securities of Uni-Marts for its own account and for the accounts of customers and accordingly may at any time hold a long or short position in such securities.

On January 26, 2004, Boenning & Scattergood met in person with the Board of Directors and discussed its analysis, and delivered to the Ad Hoc Committee its written opinion dated January 26, 2004, to the effect that, as of that date, and based upon and subject to the assumptions, considerations and limitations set forth in its opinion, the financial consideration to be received in the merger was fair, from a financial point of view, to Uni-Marts' stockholders.

BOENNING & SCATTERGOOD'S OPINION IS DIRECTED TO THE AD HOC COMMITTEE AND ADDRESSES ONLY THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, TO THE STOCKHOLDERS OF THE MERGER CONSIDERATION AND DOES NOT ADDRESS UNI-MARTS' UNDERLYING BUSINESS DECISION TO ENTER INTO THE MERGER OR ANY OTHER TERMS OF THE MERGER AGREEMENT. THE OPINION WAS PROVIDED FOR THE INFORMATION AND ASSISTANCE OF THE AD HOC COMMITTEE IN CONNECTION WITH ITS CONSIDERATION OF THE TRANSACTION CONTEMPLATED BY THE MERGER AGREEMENT. THE OPINION DOES NOT CONSTITUTE A RECOMMENDATION TO ANY UNI-MARTS STOCKHOLDER AS TO HOW SUCH STOCKHOLDER SHOULD VOTE AT ANY MEETING OF STOCKHOLDERS HELD IN CONNECTION WITH THE MERGER. BOENNING & SCATTERGOOD IS AWARE, HOWEVER, THAT ITS OPINION IS BEING ATTACHED TO THIS PROXY STATEMENT, AND THAT SUCH OPINION MAY BE CONSIDERED BY UNI-MARTS' STOCKHOLDERS WHEN MAKING THEIR DECISIONS AS TO WHETHER TO VOTE IN FAVOR OF THE MERGER.

It should be noted that Boenning & Scattergood's opinion is based on economic and market conditions and other circumstances existing on, and information made available as of, the date thereof and does not address any matters subsequent to such date. In addition, the opinion is, in any event, limited to the fairness, as of such date, from a financial point of view, of the merger consideration to be received by the stockholders pursuant to the merger agreement and does not address Uni-Marts' underlying business decision to effect the merger or any other terms of the merger agreement. Boenning & Scattergood was not engaged to solicit indications of interest or to otherwise explore the viability of any alternative transaction to the merger. It should be noted that although subsequent developments may affect Boenning & Scattergood's opinion, it does not have any obligation to update, revise or reaffirm it. Boenning & Scattergood did not determine or recommend the amount of consideration to be paid pursuant to the merger agreement.

The full text of Boenning & Scattergood's written opinion which sets forth, among other things, the assumptions made, matters considered and limits on the review undertaken by Boenning & Scattergood in connection with the opinion, is attached as Annex C to this proxy statement and is incorporated herein by reference. Stockholders are urged to read the opinion in its entirety.

In connection with rendering its opinion, Boenning & Scattergood, among other things: (i) reviewed the historical financial performance, current financial position and general prospects of Uni-Marts, and reviewed certain internal financial analyses and forecasts prepared by the management of Uni-Marts; (ii) reviewed a draft of the merger agreement; (iii) studied and analyzed the stock market trading history of Uni-Marts; (iv) considered the terms and conditions of the transaction as compared with the terms and conditions of certain acquisition transactions involving operators of convenience stores and blocks of stores; (v) met and/or communicated with certain members of Uni-Marts' senior management to discuss its operations, historical financial statements, future prospects and business strategy, including its plan to divest of 128 underperforming stores and stores located in non-core geographic areas, as well as certain alternative store counts; and (vi) conducted such other financial analyses, studies and investigations as it deemed appropriate. All material analyses, studies and investigations that were performed are described in this proxy statement.

In its review and analyses and in arriving at its opinion, Boenning & Scattergood assumed and relied upon, without assuming any responsibility for independent verification, the accuracy and completeness of all financial and other information and data publicly available or furnished to, discussed with or otherwise reviewed by or for it. Boenning & Scattergood further relied upon the assurances of management of Uni-Marts that they are not aware of any facts that would make any of such information inaccurate or misleading. Boenning & Scattergood did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Uni-Marts. In addition, Boenning & Scattergood has not assumed any obligation to conduct, nor did it conduct, any physical inspection of the properties or facilities of Uni-Marts. With respect to financial projections, Boenning & Scattergood was advised by the management of Uni-Marts and assumed that such projections and other information were reasonably prepared on a basis reflecting the best currently available estimates and judgment of the management as to the future financial performance of Uni-Marts. Boenning & Scattergood expressed no view with respect to such projections and other information or the assumptions on which they are based.

In evaluating the merger consideration, Boenning & Scattergood performed a variety of financial and comparative analyses, including those described below. The summary of these analyses is not a complete description of the analyses performed by Boenning & Scattergood. The preparation of a fairness opinion and the related analyses are complex analytical processes involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, such an opinion and the related analyses are not readily susceptible to summary description. Accordingly, Boenning & Scattergood believes that selected portions of its analyses and certain factors, without considering all analyses and all factors, could create a misleading or incomplete view of the processes underlying its analyses and opinion. In addition, some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to

stand alone, and in order to more fully understand the financial analyses of

Boenning & Scattergood, the tables must be read together with the full text of each summary.

In its analyses, Boenning & Scattergood considered industry, market, general business and economic, financial and other conditions and other matters existing as of the date of its analyses and opinion, many of which are beyond the control of Boenning & Scattergood and Uni-Marts. No company, transaction or business considered in those analyses as a comparison is identical to Uni-Marts or the proposed merger, and an evaluation of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. There were no specific factors, when viewed in the context of all of the analyses, that did not support Boenning & Scattergood's fairness opinion, other than (i) the multiple of book value implied by the offer which was below the range and the median of the Industry Transactions reviewed by Boenning & Scattergood and (ii) the discounted cash flow analysis performed by Boenning & Scattergood in the divestiture scenario which produced an implied share price which was higher than the offer of $2.25 per share.

Boenning & Scattergood's opinion was among many factors considered by the Ad Hoc Committee and Board of Directors in its evaluation of the merger and should not be viewed as determinative of the views of the Ad Hoc Committee and Board of Directors with respect to the merger consideration or the merger. In the event that the merger agreement is proposed to be amended in any material manner that would materially diminish the rights of Uni-Marts, or the benefits to the Public Stockholders, the Ad Hoc Committee will consider whether a revised fairness opinion is warranted.

Boenning & Scattergood Analysis

On January 26, 2004, Boenning & Scattergood delivered its written opinion to the Ad Hoc Committee of the Board of Directors, that, as of such date and based upon the assumptions made, matters considered and limitations on the review set forth therein, the consideration to be received by holders of Uni-Marts' shares pursuant to the merger is fair from a financial point of view to such stockholders. The opinion was issued following a presentation to the Board of Directors on January 26, 2004, which contained analyses dated January 22, 2004.

THE DESCRIPTION BELOW SETS FORTH THE METHODOLOGY FOLLOWED BY BOENNING & SCATTERGOOD, WHICH PROVIDED THE BASIS FOR ITS OPINION. HOLDERS OF SHARES ARE URGED TO, AND SHOULD, READ CAREFULLY SUCH OPINION (ATTACHED AS ANNEX C) IN ITS ENTIRETY.

The following is a summary of the material analyses utilized by Boenning & Scattergood in connection with the opinion.

Summary of Transaction

Boenning & Scattergood calculated the implied pricing and valuation multiples based on the offer of $2.25 per share, balance sheet and operating data as of January 1, 2004 and shares and options outstanding as of January 1, 2004. (Note: In the third quarter of 2003, Uni-Marts classified certain assets as discontinued operations. For comparative purposes, Boenning & Scattergood in its analyses adjusted affected historical income statement figures to remove the impact of this reclassification, based on information provided by Uni-Marts' management. Additionally, Boenning & Scattergood excluded the impact of items related to changes in accounting principles in examining Uni-Marts.) Based on this data, the key valuation statistics were as follows:

Offer Price Per Share	$ 2.25
Total Equity Value(a) ($Millions)	$18,406
Net Debt ($Millions)	$71,379
Enterprise Value(b) ($Millions)	$89,784
Equity Value/Net Income	NM(c)
Equity Value/Book Value	0.9x
Enterprise Value/Last Twelve Months ("LTM") Revenue	0.2x
Enterprise Value/LTM Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")	7.9x
Enterprise Value/LTM Earnings before Interest and Taxes ("EBIT")	16.9x
Offer/Market Price Per Common Share 1 Day Before Announcement	27.8%

(a) The equity value is calculated by taking the summation of common shares outstanding (7,202,979 as of Jan. 1, 2004) and "in-the-money" options (options with a strike price less than $2.25 per share; 977,333 of these existed as of Jan. 1, 2004) and multiplying this value by $2.25.

(b) Enterprise value equals total market value of equity plus net debt (debt and preferred stock, less cash and marketable securities).

(c) For the period shown, Uni-Marts had negative earnings resulting in a "NM" or not meaningful value.

Comparable Company Analysis

Boenning & Scattergood compared certain financial and operating ratios for Uni-Marts with the corresponding financial and operating ratios for a group of companies comparable to Uni-Marts (collectively, the "Comparable Companies"). The Comparable Companies are those publicly traded companies identified by Boenning & Scattergood which are based in North America and derive a significant portion of their business from the operation of convenience stores. Boenning & Scattergood identified the following as Comparable Companies:

- 7-Eleven, Inc.;

- Alimentation Couche-Tard Inc.;

- Bowlin Travel Centers, Inc.;

- Casey's General Stores, Inc.;

- The Kroger Co.; and

- The Pantry, Inc.

For each of the Comparable Companies, Boenning & Scattergood calculated gross margins, EBITDA margins, net margins and debt to total capital ratios based on the Comparable Companies' LTM operating figures and most recent balance sheets. The analysis resulted in the following:

	RANGE OF COMPARABLE COMPANIES	MEDIAN OF COMPARABLE COMPANIES	UNI-MARTS
LTM Gross Margin....................	18.3% - 36.8%	24.3%	18.5%
LTM EBITDA Margin...................	3.7% - 6.9%	5.2%	2.4%
LTM Net Margin......................	0.6% - 2.3%	2.0%	NM(a)
Debt to Total Capital...............	25.8% - 83.8%	49.7%	79.0%

(a) For the period shown, Uni-Marts had negative earnings resulting in a "NM" or not meaningful value.

On an LTM basis, Uni-Marts' gross margin of 18.5% was within the range of the Comparable Companies of 18.3% to 36.8%. Its EBITDA margin of 2.4% and its not meaningful net margin were both

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less than the range of the Comparable Companies of 3.7% to 6.9% for EBITDA margins and 0.6% to 2.3% for net margins. For all three of these margins (gross, EBITDA, and net), Uni-Marts' LTM value was less than the median value of the Comparable Companies, which were 24.3%, 5.2% and 2.0%, respectively, which indicates that Uni-Marts was less profitable than the median of the Comparable Companies for each dollar of revenue earned. Uni-Marts' debt to total capital ratio of 79.0% was within the range of the Comparable Companies of 25.8% to 83.8% but was greater than the median value of 49.7%, indicating that it had greater leverage than the median of the Comparable Companies.

For each of the Comparable Companies, Boenning & Scattergood calculated price-to-book value multiples based on the Comparable Companies' most recent balance sheet data and price-to-earnings multiples based on the Comparable Companies' LTM earnings and estimated earnings for the calendar year ended December 31, 2004. This analysis resulted in the following multiples:

	RANGE OF MULTIPLES	MEDIAN	OFFER
LTM earnings..	11.9 - 28.7x	22.4x	NM(a)
Estimated 2004 earnings.............................	12.4 - 19.5x	17.8x	NM(a)
Book Value..	0.7 - 6.3x	3.3x	0.9x

(a) For the periods shown, Uni-Marts had or was projected to have negative earnings resulting in a "NM" or not meaningful value.

The multiples for the Comparable Companies ranged from 11.9 - 28.7x LTM earnings, 12.4 - 19.5x estimated 2004 earnings, and 0.7 - 6.3x book value. The median values for the three multiples were 22.4x LTM earnings, 17.8x estimated 2004 earnings, and 3.3x book value. The multiples implied by the offer were not meaningful for LTM earnings and estimated 2004 earnings, and 0.9x for book value. The not meaningful earnings multiples result from negative earnings and are the highest possible earnings multiples. The multiple of book value implied by the offer was within the range of the Comparable Companies but below the median of the Comparable Companies.

Boenning & Scattergood also calculated enterprise value multiples based on LTM sales, LTM EBITDA and LTM EBIT. This analysis resulted in the following multiples:

	RANGE OF MULTIPLES	MEDIAN	OFFER
LTM Sales	0.3-0.6x	0.4x	0.2x
LTM EBITDA	6.1-13.5x	7.7x	7.9x
LTM EBIT	9.0-35.9x	13.6x	16.9x

The enterprise value multiples for the Comparable Companies ranged from 0.3 - 0.6x LTM sales, 6.1 - 13.5x LTM EBITDA, and 9.0 - 35.9x LTM EBIT. The median values for the three multiples were 0.4x LTM sales, 7.7x LTM EBITDA, and 13.6x LTM EBIT. The multiples implied by the offer were 0.2x LTM sales, 7.9x LTM EBITDA, and 16.9x LTM EBIT. The multiple implied by the offer for sales was less than the range implied by the Comparable Companies and less than the median value of the Comparable Companies. The multiples implied by the offer for EBITDA and EBIT were within the range of the Comparable Companies and greater than the median of the Comparable Companies.

To calculate the trading multiples utilized in the Comparable Company Analysis, Boenning & Scattergood used publicly available information concerning the historical and projected financial performance of the Comparable Companies, including public historical financial information and consensus analysts' earnings estimates.

None of the Comparable Companies is, of course, identical to Uni-Marts, as Uni-Marts differs materially in some cases from the Comparable Companies in terms of size, product offerings, geographic location and profit margins, among other things. No directly comparable public company exists and conclusions as to the valuation of Uni-Marts based on the Comparable Company method is limited. Accordingly, a complete analysis of the results of the foregoing calculations cannot be limited to a quantitative review of such results and involves complex considerations and judgments concerning

differences in financial and operating characteristics. In addition, the multiples of stock price to estimated earnings for the Comparable Companies is based on projections prepared by research analysts using only publicly available information. Accordingly, such estimates may or may not prove to be accurate.

Industry Transactions Analysis

Boenning & Scattergood performed an Industry Transactions Analysis based upon the review and analysis of the range of multiples paid in acquisitions of majority ownership positions, in which information regarding the transactions was publicly available, announced between January 1, 2000 and January 22, 2004 ("Industry Transactions") involving transactions (i) with selling operators of convenience stores, including independent companies, units of independent companies and blocks of convenience stores; and (ii) with the target being based in the United States. Specifically, Boenning & Scattergood reviewed the following transactions for the Industry Transactions:

DATE ANNOUNCED	ACQUIRER	TARGET
10/6/2003	Alimentation Couche-Tard Inc.	Circle K Corporation (ConocoPhillips)
7/28/2003	Alimentation Couche-Tard Inc.	Clark Retail Enterprises, Inc.
5/1/2001	United Refining Company	Country Fair, Inc.
7/29/2002	Alimentation Couche-Tard Inc.	Dairy Mart Convenience Stores, Inc.
10/21/2002	Marlaz Financial Group/Polar Investments Ltd.	Fas Mart Convenience Stores, Inc
11/3/2000	OAO LUKOIL	Getty Petroleum Marketing Inc.
8/25/2003	The Pantry, Inc.	Golden Gallon (Koninklijke Ahold N.V.)
5/16/2001	Alimentation Couche-Tard Inc.	Johnson Oil Company, Inc.
2/7/2003	Sunoco, Inc.	Marathon Ashland Petroleum LLC
2/24/2000	Uni-Marts, Inc.	Orloski Service Station, Inc.
2/1/2001	Sunoco, Inc.	The Coastal Corporation (El Paso Corporation)
4/17/2001	Delek Group Ltd.	The Williams Companies, Inc.
11/25/2003	WHP Holdings Corp.	White Hen Pantry (Clark Retail Enterprises, Inc.)

The targets analyzed in the Industry Transactions differ materially in some cases from Uni-Marts in terms of size, product offerings, geographic location and profit margins, among other things. Boenning & Scattergood also noted that assumptions and comparisons regarding growth prospects, synergy opportunities, and industry and financial market conditions at the time of the Industry Transactions and the merger cannot be quantified. Therefore, conclusions as to the valuation of Uni-Marts based on these transactions is limited.

Boenning & Scattergood calculated the transaction values for the target companies based on financial results for the LTM immediately preceding the announcement of each of the respective transactions (or the most recently available twelve-month period prior to the announcement of the transaction), including equity value to net income, equity value to LTM, book value, enterprise value to LTM EBIT, enterprise value to LTM EBITDA, enterprise value to LTM revenue and enterprise value to stores acquired. The analysis resulted in the following multiples:

	RANGE OF MULTIPLES	MEDIAN	OFFER
Equity Value/LTM Net Income................	12.5 - 22.6x	15.5x	NM(a)
Equity Value/Book Value....................	1.2 - 25.8x	3.4x	0.9x
Enterprise Value/LTM EBIT..................	4.2 - 16.0x	8.4x	16.9x
Enterprise Value/LTM EBITDA................	2.7 - 9.5x	5.4x	7.9x
Enterprise Value/LTM Revenue	0.1 - 0.6x	0.1x	0.2x
Enterprise Value/Stores Acquired...........	$46,466 - $1,355,072	$332,444	$307,481

(a) For the period shown, the Company had negative earnings resulting in a "NM" or not meaningful value.

The equity value multiples for the Industry Transactions ranged from 12.5 -

22.6x LTM net income and 1.2 - 25.8x book value. The median values for the equity value multiples were 15.5x LTM net income and 3.4x book value. The multiples implied by the offer were not meaningful for LTM net income and 0.9x for book value. The not meaningful earnings multiples result from negative earnings of Uni-Marts for the periods indicated and would have produced a negative earnings multiple. The multiple of book value implied by the offer was below the range and the median of the Industry Transactions. The book value per share of Uni-Marts' common stock used by Boenning & Scattergood for purposes of this analysis was $2.55. This value incorporates the dilutive impact of Uni-Marts' "in-the-money" options on its stated book value per share of $2.89 at January 1, 2004.

The enterprise value multiples for the Industry Transactions ranged from 4.2 - 16.0x LTM EBIT, 2.7 - 9.5x LTM EBITDA, 0.1 - 0.6x LTM sales, and $46,455 - $1,355,072 per store acquired. The median values for the four multiples were 8.4x LTM EBIT, 5.4x LTM EBITDA, 0.1x LTM sales, and $332,444 per store acquired. The multiples implied by the offer were 16.9x LTM EBIT, 7.9x LTM EBITDA, 0.2x LTM sales, and $307,481 per store acquired. The multiple implied by the offer for EBIT was greater than the range implied by the Industry Transactions and greater than the median value of the Industry Transactions. The multiples implied by the offer for EBITDA and sales were within the range of the Industry Transactions and greater than the median of the Industry Transactions. The multiple implied by the offer for stores acquired was within the range implied by the Industry Transactions and less than the median value of the Industry Transactions.

No target within the Industry Transactions Analysis is directly comparable to Uni-Marts nor is any transaction identical to the merger. The merger differs, in some cases markedly, from the Industry Transactions. An analysis of the results, therefore, requires complex considerations and judgments regarding the financial and operating characteristics, size and number of outstanding shares in the public market of Uni-Marts and the companies involved in the Industry Transactions, as well as other facts that could affect their publicly traded and/or transaction values. The numerical results are not in themselves meaningful in analyzing the contemplated transaction as compared to the Industry Transactions.

Discounted Cash Flow Analyses

Boenning & Scattergood performed two Discounted Cash Flow Analyses (i.e., analyses of the present value of the forecasted unlevered after-tax cash flows) of Uni-Marts based on projected financial data prepared by Uni-Marts for the five-year period from September 30, 2003 to September 30, 2008. The first analysis was based on a set of projections prepared by management that assumed that all of Uni-Marts' store locations as of September 30, 2003 were operated by Uni-Marts through the end of the five-year time period ("No Divestiture Scenario"). The second analysis was based on a set of projections prepared by management that assumed that Uni-Marts divested of 128 store locations between September 30, 2003 and September 30, 2004 ("Divestiture Scenario") and received the book value of the real estate and a multiple of cash flow for the business assets of these stores. In each analysis, Boenning & Scattergood used a discount rate of 10.56%, which is Uni-Marts' Weighted Average Cost of Capital as determined through the use of the Capital Asset Pricing Model. In each analysis, Boenning & Scattergood calculated two terminal values by using (i) the perpetuity method, assuming a perpetuity growth rate of 1.25% (the growth rate supplied by management which was consistent with Uni-Marts' in-store sales growth rate over the past few years and less than the in-store sales growth rate in the convenience store industry generally) in the No Divestiture Scenario and 1.17% in the Divestiture Scenario, which was provided by Uni-Marts; and (ii) the exit EBITDA multiple method, assuming a 5.4x exit EBITDA multiple, which was the median EBITDA multiple implied by the Industry Transactions Analysis. In the No Divestiture Scenario, under both the perpetuity method and the EBITDA multiple method, the implied share price was less than $0.00 as compared to the offer of $2.25. In the Divestiture Scenario, based on the perpetuity method, the implied share price was $3.33, and based on the exit EBITDA multiple method, the implied share price was $2.53, as compared to the offer of $2.25. In considering the results of this analysis, Boenning & Scattergood considered the achievability of the divestiture transaction given prior unsuccessful efforts to execute a similar

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transaction, the likelihood that book value would be received by Uni-Marts in exchange for the divested assets and the probability that the transaction would occur by September 30, 2004.

Boenning & Scattergood also tested these implied share prices by performing sensitivity analyses. Boenning & Scattergood's sensitivity analyses examined variances of the perpetuity growth rate (using values both higher and lower than management's estimates), the exit EBITDA multiple and the discount rate. Four analyses were prepared that calculated an implied enterprise value. As a means of comparison, Boenning & Scattergood calculated the enterprise value implied by the offer price of $2.25 per share to be $89,784,403.

			(IN THOUSANDS)	
SCENARIO	METHOD	VARIABLES	LOW END OF RANGE	HIGH END OF RANGE
No Divestiture	Perpetuity	Perpetuity growth rate: 0.25% - 2.25% Discount rate: 8.56% - 12.56%	$42,767	$ 78,876
No Divestiture	Exit EBITDA multiple	Exit EBITDA multiple: 4.4x - 6.4x Discount rate: 8.56% - 12.56%	$39,249	$ 56,941
Divestiture	Perpetuity	Perpetuity growth rate: 0.17% - 2.17% Discount rate: 8.56% - 12.56%	$82,252	$122,120
Divestiture	Exit EBITDA multiple	Exit EBITDA multiple: 4.4x - 6.4x Discount rate: 8.56% - 12.56%	$79,631	$100,961

In the No Divestiture Scenario the enterprise value implied by the offer price exceeded the range of the sensitivity analyses implied under both the perpetuity method and the exit EBITDA multiple method. In the Divestiture Scenario the enterprise value implied by the offer price was within the range of the sensitivity analyses implied under both the perpetuity method and the exit EBITDA multiple method.

Financial Sponsor Transaction Analyses

Using the financial forecasts developed in connection with the Discounted

Cash Flow Analyses described above, Boenning & Scattergood performed two Financial Sponsor Transaction Analyses for Uni-Marts. The analyses considered the same two scenarios as described above in the Discounted Cash Flow Analyses, the No Divestiture Scenario and the Divestiture Scenario. For purposes of the analyses, Boenning & Scattergood analyzed how much a Financial Sponsor (an investor that acquires companies for a limited time period in order to achieve a return) would likely pay for Uni-Marts, given Uni-Marts' balance sheet, market guidelines for acceptable levels of total debt to EBITDA, and average equity contributions in leveraged buyouts. These analyses resulted in a negative amount of equity contribution. As a result, Boenning & Scattergood examined the returns Financial Sponsors could receive based on the offer price of $2.25. Boenning & Scattergood assumed an initial financing structure of a maximum total debt to LTM EBITDA ratio of 4.0x with the remaining purchase price provided by a Financial Sponsor in the form of an equity investment. Based on a 5.4x residual value EBITDA multiple, which was the median EBITDA multiple implied by the Industry Transactions Analysis, and the offer price of $2.25, the implied

rate of return on the equity investment was less than 0.0% in the No Divestiture Scenario and 7.0% in the Divestiture Scenario. This compares to a range of 30% to 40% rate of return that a Financial Sponsor would generally require on invested capital over a period of five years. Boenning & Scattergood also tested the implied share price by performing sensitivity analyses, which involved changing the debt, equity, required return, and other assumptions in the Financial Sponsor Transaction Analysis. In the No Divestiture Scenario the implied rate of return on the equity investment was less than 0.0% in all the sensitivity analyses. In the Divestiture Scenario the implied rate of return on the equity investment ranged between 4.5% and 9.4% in the sensitivity analyses.

Premiums Paid Analysis

Boenning & Scattergood performed a Premiums Paid Analysis for Uni-Marts based upon a review and analysis of the range of premiums paid in acquisitions for majority ownership positions of publicly held companies for the period between January 1, 2001 through January 22, 2004 ("Recent Transactions") involving transactions (i) with equity values between $10 million and $35 million and (ii) with the target company being based in the United States. Boenning & Scattergood reviewed a total of 168 selected transactions meeting these criteria for which the terms of the transaction were publicly disclosed. Using information obtained from FactSet Mergerstat, LLC ("Mergerstat"), Boenning & Scattergood obtained the premium of the offer price per share relative to the target company's stock price one day, five days, and 30 days prior to the date of announcement of the transaction (the "Announcement"). The following range is the median of premiums that were offered to the target company's stock prior to Announcement compared to the premiums to Uni-Marts' closing price on January 22, 2004 implied by the offer:

RECENT TRANSACTIONS PREMIUMS PAID ANALYSIS

	RANGE OF PREMIUMS	MEDIAN	OFFER
One Day	(78.0%) -- 520.0%	34.2%	27.8%
Five Days	(80.0%) -- 520.0%	39.1%	38.9%
Thirty Days	(88.4%) -- 520.0%	49.6%	33.1%

The premiums in Recent Transactions ranged from (78.0%) -- 520.0% for one-day premiums, (80.0%) -- 520.0% for five-day premiums, and (88.4%) -- 520.0% for thirty-day premiums. The median values for premiums in Recent Transactions were 34.2% for one-day premiums, 39.1% for five-day premiums, and 49.6% for thirty-day premiums. The premiums implied by the offer were 27.8% on a one-day basis, 38.9% on a five-day basis, and 33.1% on a thirty-day basis. The premiums implied by the offer based on a one-day basis, a five-day basis, and a thirty-day basis, all were within the range of the Recent Transactions and less than the median of the Recent Transactions.

Liquidation Analysis

Boenning & Scattergood considered the potential per share liquidation value to be received by holders of common stock if Uni-Marts were to liquidate based on balance sheet values as of January 1, 2004. Boenning & Scattergood performed a liquidation analysis for two primary reasons. One reason was that the offer price of $2.25 per share was less than the reported book value per share as of January 1, 2004 of $2.89 per share. As a result, Boenning & Scattergood wanted to understand what potential value could be distributed to stockholders if Uni-Marts liquidated its assets and liabilities. The second primary reason was that Uni-Marts was facing liquidity challenges which Boenning & Scattergood became aware of through Uni-Marts' quarterly and annual reports filed with the SEC and through conversations with management. Uni-Marts management provided all assumptions and estimates including the realizable cash values for Uni-Marts specific asset classes, including: (i) cash, (ii) accounts receivable, (iii) inventories, (iv) prepaid and current deferred taxes, (v) property and equipment held for sale, (vi) prepaid expenses and other current assets, (vii) long-term net property, equipment and improvements, (viii) intangible assets and (ix) other assets. Uni-Marts management assumed that each specific liability class would be fully paid, including: (i) accounts payable, (ii) accrued expenses, (iii) revolving credit, (iv) current and non-current portions of long-term debt, (v) deferred income and other liabilities and (vi) current and non-current portions of capital leases. Uni-Marts management also estimated a range of probable expenses, which

would be incurred in a liquidation, including: (i) operating lease payoffs, (ii) gasoline contract termination costs, (iii) debt prepayment costs, and (iv) supply contract termination costs. Based upon the analysis of Uni-Marts' specific assets, liabilities and liquidation expenses, as provided by Uni-Marts management, Boenning & Scattergood estimated the remaining value to equity holders to be less than $0.00 per share.

The analyses performed by Boenning & Scattergood are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those suggested by such analyses. The analyses do not purport to be appraisals or to reflect the prices at which Uni-Marts might actually be sold, or the prices at which the Uni-Marts shares may trade, at any time in the future. Such analyses were prepared solely for the purposes of Boenning & Scattergood providing its opinion to the Ad Hoc Committee as to the fairness, from a financial point of view, of the consideration to be received in the merger by holders of Uni-Marts shares. Because such analyses are inherently subject to uncertainty, being based upon numerous factors and events, including, without limitation, factors related to general economic and competitive conditions beyond the control of Boenning & Scattergood, Boenning & Scattergood does not assume responsibility if future results or actual values are materially different from those forecast. The foregoing is qualified by reference to the written opinion of Boenning & Scattergood dated as of January 26, 2004 (attached as Annex C to this proxy statement).

UNI-MARTS' FINANCIAL PROJECTIONS

Uni-Marts does not as a matter of course make public forecasts as to future revenues, earnings or other financial information nor has Uni-Marts historically prepared internal budget forecasts beyond the upcoming fiscal year. Uni-Marts did, however, prepare certain projections that it provided to Boenning & Scattergood in connection with the proposed merger. The projections set forth below are included in this document solely because such information was requested by and, therefore, provided to Boenning & Scattergood.

The projections set forth below were not prepared by Uni-Marts with a view to public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Pubic Accountants regarding prospective financial information. In addition, the projections were not prepared with the assistance of or reviewed, compiled or examined by independent accountants. While prepared with numerical specificity, the projections were not prepared in the ordinary course and the projections reflect numerous estimates and hypothetical assumptions with respect to industry performance, general business, economic, market, interest rate and financial conditions and other matters, that may not be accurate, may not be realized, and are inherently subject to significant business, economic and competitive uncertainties and contingencies, all of which are difficult to predict and many of which are beyond Uni-Marts' control. Estimates are included as to Uni-Marts' gross sales of merchandise and gasoline and the cost of sales, together with other costs and expenses for the periods indicated. The financial projections also are based upon hypothetical assumptions, including assumptions as to the number of Uni-Marts' stores, the gallons of gasoline sold per store, the gallons of gasoline sold each year to wholesale dealers, the profit margin to Uni-Marts on each gallon of gasoline sold, the gross profit margin to Uni-Marts on merchandise sold and the aggregate tax rate applicable to earnings generated by Uni-Marts, all for the period indicated in the financial projections. Although it is difficult to predict the sales prices that Uni-Marts may be able to obtain for the 128 properties identified for the Divestiture Scenario, many of the properties were constructed a number of years ago and have been substantially depreciated. Uni-Marts' management believes it is likely that Uni-Marts would receive at least book value for these properties, however, in many cases, the book value is less than the debt secured by the property. Thus, after deducting the various expenses of sale (e.g., brokerage commissions, legal expenses, transfer taxes, and marketing costs) and the debt secured by the property, it is likely that Uni-Marts would not realize any net cash proceeds from such sales. Generally, the further in the future to which forecasts relate, the more unreliable those forecasts become due to the difficulty in making accurate predictions of future events. Accordingly, there can be no assurance that the assumptions made in preparing the projections set forth below will prove to be accurate, and actual results may be materially different from those contained in the projections set forth below.

In light of the uncertainties inherent in forward-looking information of any kind, Uni-Marts cautions against undue reliance on this information. The inclusion of this information should not be regarded as an

indication that anyone who received this information considered it a reliable predictor of future events, and this information should not be relied on as such. While Uni-Marts has prepared these projections with numerical specificity and has provided them to Boenning & Scattergood in connection with this proposed transaction, Uni-Marts has not made, and does not make, any representations to any person that the projections will be met. Uni-Marts does not intend to update or revise the projections to reflect circumstances existing after the date they were prepared or to reflect the occurrence of future events, unless required by law.

Set forth on the next two pages are two sets of projections provided to Boenning & Scattergood, one set of which assumes all of Uni-Marts' store locations as of September 30, 2003 were operated for the five-year period thereafter (labeled as "Without Divestiture"), and the other set of which assumes that Uni-Marts divested 128 store locations between September 30, 2003 and September 30, 2004 and received the book value of the real estate and a multiple of cash flow for the business assets of these stores (labeled as "With Divestiture"). These projections should be read together with the historical financial statements of Uni-Marts, the cautionary statements set forth above under the heading "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS," and the assumptions set forth below.

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UNI-MARTS INC. AND SUBSIDIARIES
CONSOLIDATED FIVE YEAR PROFORMA STATEMENT OF PROFIT & LOSS
WITH DIVESTITURE
(IN THOUSANDS)

	2004	% CHANGE	2005	% CHANGE	2006	% CHANGE
REVENUES:						
Merchandise sales	$149,813	(16.57)	$124,987	2.50	$128,112	2.50
Gasoline sales	142,958	--	142,958	--	142,958	--
Other income	1,528	(25.65)	1,136	(0.97)	1,125	(1.00)
Total revenues	294,299	(8.57)	269,081	1.16	272,195	1.17
COSTS AND EXPENSES:						
Cost of sales	233,626	(5.88)	219,891	1.20	222,535	1.11
Selling	45,264	(22.91)	34,894	2.00	35,591	2.00
General and administrative	5,551	(31.53)	3,801	3.00	3,915	3.00
Depreciation	5,017	(26.95)	3,665	1.36	3,715	1.35
Interest	4,108	(36.37)	2,614	(4.36)	2,500	(4.00)
Provision for asset impairment	200	--	0	--	0	--
Total costs and expenses	293,766	(9.84)	264,865	1.28	268,256	1.21
Earnings (loss) before income taxes	533	690.94	4,216	(6.58)	3,939	(1.50)
Income taxes (benefit)	160	690.94	1,265	(6.58)	1,182	(1.50)
Net earnings (loss) continuing operations	$ 373	690.94	$ 2,951	(6.58)	$ 2,757	(1.50)
Discontinued operations:						
Gain (loss) on disposal of discontinued	5,663	--				
Income tax provision (benefit)	1,698	--				
Gain (loss) on discontinued operations	3,965	--				
Net earnings	$ 4,338	--	$ 2,951		$ 2,757	
Earnings per share from continuing operations	0.05	690.94	0.41	(6.58)	0.38	(1.50)

Earnings (loss) from discontinued operations	0.55					
Net earnings (loss) per share	$ 0.60	(31.97)	$ 0.41	(6.58)	$ 0.38	(1.50)
Weighted average number of common shares outstanding	7,200		7,200		7,200	
ASSUMPTIONS:						
Number of stores	164		164		164	
Gallons -- Uni-Mart stores	125,883		114,266		114,266	
Gallons -- Distributed to dealers	50,117		61,734		61,734	
Cents/Gallon -- Uni-Mart stores	9.0		8.7		8.3	
Cents/Gallon -- Dealers	1.0		1.0		1.0	
Merchandise gross margin	30.0%		30.0%		30.0%	
Tax rate	30.0%		30.0%		30.0%	

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UNI-MARTS INC. AND SUBSIDIARIES
CONSOLIDATED FIVE YEAR PROFORMA STATEMENT OF PROFIT & LOSS
WITHOUT DIVESTITURE
(IN THOUSANDS)

	2004	% CHANGE	2005	% CHANGE	2006	% CHANGE
REVENUES:						
Merchandise sales	$221,402	2.50	$226,937	2.50	$232,610	2.50
Gasoline sales	222,271	--	222,271	--	222,271	--
Other income	1,650	(1.00)	1,634	(1.00)	1,617	(1.00)
Total revenues	445,323	1.24	450,842	1.25	456,499	1.27
COSTS AND EXPENSES:						
Cost of sales	361,828	0.91	365,118	1.23	369,612	1.35
Selling	67,209	1.50	68,217	2.00	69,581	2.00
General and administrative	7,142	2.00	7,285	1.99	7,430	2.00
Depreciation	4,594	49.59	6,872	(7.22)	6,376	(12.06)
Interest	6,122	(3.27)	5,922	(3.38)	5,722	(3.50)
Provision for asset impairment	--	--	--	--	--	--
Total costs and expenses	446,895	1.46	453,414	1.17	458,722	1.22
Earnings (loss) before income taxes	(1,573)	63.60	(2,573)	(13.59)	(2,224)	(10.02)
Income taxes (benefit)	(79)	63.60	(129)	(13.59)	(111)	(10.02)
Net earnings (loss) continuing operations	$ (1,494)	63.60	$ (2,445)	(13.59)	$ (2,113)	(10.02)
Loss per share from continuing operations	$ (0.21)	62.47	$ (0.34)	(14.18)	$ (0.29)	(10.63)
Weighted average number of common shares outstanding	7,200	50	7,250	50	7,300	50

ASSUMPTIONS:

Number of stores	286	286	286
Gallons	171,000	171,000	171,000
Cents/Gallon	9.7	9.2	8.9
Merchandise gross margin	30.1%	30.0%	30.0%
Tax rate	5.0%	5.0%	5.0%

RIGHTS OF DISSENTING STOCKHOLDERS OF UNI-MARTS

If the merger is consummated, holders of Uni-Marts' common stock who do not vote in favor of adopting the merger agreement will have the right to seek an appraisal of, and to be paid the "fair value" for, their shares of Uni-Marts' common stock, instead of receiving the consideration that such stockholders would otherwise be entitled to receive under the merger agreement. In order to assert these rights, such stockholders must follow the procedures set forth in Section 262 of the Delaware General Corporation Law. These rights are commonly referred to as "appraisal rights" or "dissenters' rights." The following summary of appraisal rights is qualified in its entirety by the text of Section 262 of the Delaware General Corporation Law, which is reproduced in Annex D to this proxy statement.

This summary does not constitute a recommendation that stockholders exercise their appraisal rights, or otherwise constitute any legal or other advice. If a stockholder wishes to exercise his or her appraisal rights, such stockholder is urged to contact his or her legal counsel or advisors. Failure to follow strictly the procedures set forth in Section 262 will result in a loss of appraisal rights. If a stockholder loses his or her appraisal rights, such stockholder will be entitled to receive the consideration determined under the merger agreement.

Appraisal rights are available only to the record holder of shares. References in Section 262 to "stockholders" are to record holders. References in the summary below to "you" and "your" assume that you are a record holder. If you wish to exercise appraisal rights but have a beneficial interest in shares which are held of record by or in the name of another person, such as a broker or nominee, you should act

promptly to cause the record holder to follow the procedures set forth in Section 262 to perfect your appraisal rights.

Section 262 requires Uni-Marts to notify you, at least 20 days prior to the special meeting, as to the availability of appraisal rights and to provide you with a copy of the text of Section 262. This proxy statement, including Annex D, serves as the required notice and text.

To claim your appraisal rights, you must do all of the following:

- Deliver to Uni-Marts prior to the vote on the merger a written demand for an appraisal of your shares;

- Continuously hold your shares from the date you deliver your written demand for an appraisal through the completion of the merger;

- Not vote in favor of the merger agreement; and

- File within 120 days after the effective time of the merger, if Uni-Marts does not file within that time, a petition in the Delaware Court of Chancery demanding a determination of the fair value of your shares.

Uni-Marts is under no obligation and has no intent to file any petition.

If you sell or otherwise transfer or dispose of your shares before the merger is completed, you will lose your appraisal rights with respect to those shares. If neither any stockholder who has demanded appraisal rights nor Uni-Marts has filed a petition in the Delaware Court of Chancery within 120 days after the effective time of the merger, then all stockholders' appraisal rights will be lost.

Voting against the adoption of the merger agreement or otherwise failing to vote for the adoption of the merger agreement will not by itself constitute a demand for an appraisal or sufficient notice of an election to exercise appraisal rights. Any demand for an appraisal must be in writing, signed and mailed or delivered to:

Uni-Marts Inc.
477 East Beaver Ave.
State College, PA 16801-5690
Attn: Mary Ann Miller
Corporate Secretary

A written demand must reasonably inform Uni-Marts of the identity of the stockholder and of the stockholder's intent to demand appraisal of his, her or its shares of Uni-Marts' common stock.

A demand for appraisal should be signed by or on behalf of the stockholder exactly as the stockholder's name appears on the stockholder's stock certificates. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be executed in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including one or more joint owners, may execute a demand for appraisal on behalf of a record holder; however, in the demand the agent must identify the record owner or owners and expressly disclose that the agent is executing the demand as an agent for the record owner or owners. A record holder such as a broker who holds shares as nominee for several beneficial owners may exercise appraisal rights for the shares held for one or more beneficial owners and not exercise rights for the shares held for other beneficial owners. In this case, the written demand should state the number of shares for which appraisal rights are being demanded. When no number of shares is stated, the demand will be presumed to cover all shares held of record by the broker or nominee.

Uni-Marts will send notice of the effective time of the merger to each stockholder who has properly demanded appraisal rights under Section 262 and has not voted in favor of the merger agreement. Uni-Marts will send this notice within 10 days after the effective time of the merger.

If you have complied with the requirements for claiming your appraisal rights, then during the 120 days following the effective time of the merger, you may request from Uni-Marts a statement as to the aggregate number of shares not voted in favor of the merger agreement and with respect to which demands for appraisal have been received and the number of holders of those shares. Upon any request, which must be made in writing, Uni-Marts will mail a statement of that information to you within 10 days.

If a petition for an appraisal is filed timely, the Delaware Court of Chancery will hold a hearing on the petition to determine the stockholders entitled to appraisal rights and the "fair value" of their shares. The determination of fair value will not include any element of value arising from the accomplishment or expectation of the merger. The court will also determine a fair rate of interest, if any, to be paid upon the amount determined to be the fair value of the shares. The court may determine that the fair value of the shares is more than, the same as or less than the value you would have received under the merger agreement. An investment banking opinion as to fairness from a financial point of view is not necessarily an opinion as to fair value under Section 262. The Delaware Supreme Court has stated that "proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court" should be considered in the appraisal proceedings.

The costs of the action may be determined by the Delaware Court of Chancery and taxed upon the parties as the court deems equitable in the circumstances. Upon application of a stockholder, the court may order that all or a portion of the expenses incurred by any stockholder in an appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all of the shares entitled to appraisal.

If you have duly demanded an appraisal of your shares, you will not, after the effective time of the merger, be entitled to vote those shares for any purpose, nor will you be entitled to the payment of dividends or other distributions on those shares, except for dividends or other distributions payable to stockholders as of a record date prior to the effective time of the merger.

You may withdraw your demand for appraisal of your shares within 60 days after the effective time of the merger. Any attempt to withdraw your demand more than 60 days after the effective time of the merger will require the written approval of Uni-Marts. Once a petition for appraisal is filed with the Delaware Court of Chancery, the appraisal proceeding may not be dismissed without court approval.

If you properly demand appraisal of your shares, but fail to perfect your appraisal rights, otherwise lose your appraisal rights or effectively withdraw your demand for an appraisal, your shares will be converted into the right to receive the consideration determined under the merger agreement, without interest.

INTERESTS OF CERTAIN PERSONS

When you consider the recommendation of the Board of Directors to vote in favor of the merger and the merger agreement, you should keep in mind that two members of the Board of Directors (Messrs. Henry and Daniel Sahakian) are Affiliated Stockholders and they and members of their families and other affiliates have interests in the merger that are different from the interests of Public Stockholders, including the fact that they currently beneficially own approximately 16.3% and 19.8%, respectively, of the outstanding Uni-Marts' shares and have the right to acquire 133,000 and 35,000 shares, respectively, upon the exercise of stock options that are exercisable on or before June 29, 2004, and are principal beneficial owners of the entity that will own the assets and business of Uni-Marts after the merger. In addition, Henry Sahakian and Ara Kervandjian (Uni-Marts' President) will receive approximately $300,000 from Uni-Marts upon consummation of the merger pursuant to Uni-Marts' transaction success bonus plan, and they will be entitled to certain preferential cash distributions from Green Valley in the future equal to amounts that may be payable to them pursuant to change of control agreements, but which they are waiving ($996,866 and $523,250, respectively). Green Valley is also required to exercise options to purchase equipment leased by certain affiliates of the Tri-Color Members to Uni-Marts, provided that Green Valley shall not be obligated to pay more than $190,000 for such purchases. See "SPECIAL

FACTORS -- Other Agreements Between Green Valley, Other Members of the Green Valley Group and Uni-Marts." The Ad Hoc Committee and Board of Directors were aware of these potential conflicts of interest and considered them in evaluating the proposed merger.

Subsequent to the signing of the merger agreement, Messrs. Henry Sahakian and Kervandjian entered into employment agreements with Green Valley that will become effective as of the closing of the merger of Uni-Marts and Green Valley. Mr. Sahakian will be employed as the Co-Chairman and President of Green Valley with an annual base salary of $333,400, equal to that which he currently receives from Uni-Marts. Mr. Kervandjian will be employed as the Executive Vice President with an annual base salary of $300,000. Mr. Kervandjian's present salary is $175,000. He is not a party to an employment agreement with Uni-Marts. Each of the employment agreements with Green Valley has a two-year term and may be extended by the majority vote of the member managers of Green Valley. In addition, Henry Sahakian will receive a cash bonus in the amount of $480,000 payable upon receipt by Green Valley (as successor to Uni-Marts) of the cash surrender value of a split-dollar insurance policy maintained by Uni-Marts for the benefit of Mr. Sahakian and his family, and an additional $120,000 bonus within 45 days after the consummation of the merger.

Other transactions between Uni-Marts and any of its Directors and officers during fiscal years 2002 and 2003 and the first two quarters of fiscal year 2004 involve:

- Lease payments relating to an office location paid by Uni-Marts to Frank R. Orloski, Sr. (a member of the Uni-Marts' Board of Directors) of $30,000 during each of fiscal 2002 and fiscal 2003 and $15,000 through the first two quarters of fiscal 2004. The lease was entered into in May 2000 and has a term of five years and three five-year renewal options.

- Lease payments for the lease of four store locations and store equipment of $35,400 during fiscal 2002, $167,700 during fiscal 2003 and $84,900 through the first two quarters of fiscal 2004 to a family limited partnership, a rental company and an individual. Ara M. Kervandjian, President of Uni-Marts, is a general partner with nominal ownership in the limited partnership and a general partner and material owner in the rental company. One store location is owned by Hrach Kervandjian, father of Ara M. Kervandjian. The leases were entered into from April 2002 to September 2002 with terms of four to twelve years and provide for renewal options and annual increases not to exceed 2% per year.

- Lease payments for the lease of one store location of $30,500 during fiscal 2002, $31,000 during fiscal 2003 and $15,800 through the first two quarters of fiscal 2004 to Daniel D. Sahakian (a member of Uni-Marts' Board of Directors and a member of the Green Valley Group). The lease has a remaining term of five years with two five-year and one four-year renewal options, with the rent increasing by 2% each year.

- Lease payments for the lease of Uni-Marts' corporate headquarters, parking, certain storage facilities, nine store locations, store equipment and one other location of $1,159,600 during fiscal 2002, $1,262,200 during fiscal 2003 and $636,600 through the first two quarters of fiscal 2004 to HFL Corporation, which is beneficially controlled by the families of Messrs. Henry and Daniel Sahakian. The lease for the corporate headquarters was entered into in January 2001 for a term of 10 years and provides for an annual rent of $306,100 with 2% annual increases in years two through five. The lease for the storage facilities was entered into in 1999 for a term of five years, subject to a 4% annual increase, and provide for an aggregate rent of $96,800. The aggregate rent paid to HFL Corporation for the corporate headquarters, parking and storage facilities was $398,100 for fiscal 2002, $402,700 for fiscal 2003 and $205,300 through the first two quarters of fiscal 2004. The nine leases of store locations and store equipment from HFL Corporation were entered into from October 1992 to January 2002, are for terms of three to twelve years with renewal options and provide for annual rents aggregating $859,400.

- Payments of $11,200 during each of fiscal 2002 and fiscal 2003 and $5,600 through the first two quarters of fiscal 2004 for certain general and administrative expenses provided by Uni-Marts to HFL Corporation.

In management's opinion, the foregoing transactions were made on terms that are at least as favorable as could have been obtained with or from a third party. All such transactions were approved by a majority of the independent directors of the Uni-Marts' Board.

Green Valley has no present plans to enter into employment agreements with any current executive officers or directors of Uni-Marts other than Messrs. Henry Sahakian and Kervandjian.

EFFECTS OF THE MERGER

This is a "going private" transaction. If the merger agreement is approved by the holders of a majority of Uni-Marts' shares, and the other conditions to the closing of the merger are satisfied or waived, Uni-Marts and Green Valley will complete the merger at or as soon as practical after the special meeting with the following effects:

- The Public Stockholders will cease to have any ownership interest in, or rights as holders of, Uni-Marts' common stock (other than the right to receive the merger consideration);

- The Public Stockholders will no longer benefit from any increases in Uni-Marts' earnings or the payment of dividends on shares of Uni-Marts' common stock, if any;

- The Public Stockholders will no longer bear the risk of any decreases in the value of Uni-Marts' common stock;

- The owners of Green Valley will be the sole beneficiaries of any future earnings and profits, and will assume all risks associated with the ongoing operations of the business of Uni-Marts, and will have the ability to benefit from any strategic acquisitions, divestitures, or other corporate opportunities that may be presented in the future;

- Uni-Marts will cease to exist, and its business will be privately owned;

- Uni-Marts' common stock will be cancelled, the registration of Uni-Marts' common stock under the Exchange Act will be terminated, and no public market will continue to exist for Uni-Marts' common stock;

- To the extent the merger of Uni-Marts and Green Valley triggers a taxable gain to Uni-Marts, this tax liability will be assumed by Green Valley as a result of the merger. Uni-Marts' net operating loss carryovers would be available to offset such taxable gain, thus reducing the tax liability that would otherwise be assumed by Green Valley. It is expected that the taxable gain will be less than the amount of available net operating loss carryovers available to Uni-Marts for federal tax purposes, which are presently $11.2 million. Accordingly, it is not expected that the merger will trigger a material federal tax liability for Uni-Marts or Green Valley.

- There will not be another meeting of Uni-Marts' stockholders; and

- Green Valley, the surviving entity, will no longer be required to file reports with the Securities and Exchange Commission under the Exchange Act once the registration of Uni-Marts' common stock has been terminated. Such reports include quarterly reports on Form 10-Q, annual reports on Form 10-K, and proxy statements. Green Valley expects to save approximately $800,000 - $1.0 million per year as a result of not being subject to the reporting requirements of the Exchange Act, not being publicly traded and not being listed on the American Stock Exchange.

Following the merger, we anticipate that Tri-Color will equally share management control of Green Valley with KOTA Holdings. The profits and losses, if any, generated by sales of Green Valley assets which were owned by Uni-Marts at the time of the merger will be allocated 60% to Tri-Color and 40% to KOTA Holdings, while the operating profits and losses, if any, of Green Valley subsequent to the merger will be allocated equally between Tri-Color and KOTA Holdings. The profits and losses allocated to Tri-Color and KOTA Holdings will in turn be allocated to their respective members.

Set forth below is a table that shows (i) the percentage and dollar amounts of the relative beneficial interests in the net book value of Uni-Marts as of April 1, 2004 (the date of the most recent financial statements filed with the SEC), (ii) the percentage and dollar amounts of the projected net book value of Green Valley after giving effect to the merger, and (iii) the percentage interest in the profits and losses of Green Valley of the following persons: Messrs. Henry and Daniel Sahakian, Kervandjian, Vakharia and Levinsohn.

	PRE-MERGER		POST-MERGER	
NAME	% INTEREST(1)	$ AMOUNT OF UNI-MARTS' NET BOOK VALUE(2)	% INTEREST(3)	$ AMOUNT OF GREEN VALLEY'S PROJECTED NET BOOK VALUE (POST-MERGER)
Henry D. Sahakian....	16.3%	$3,179,000	40.0%	$7,792,545
Daniel D. Sahakian...	19.8%	$3,861,792	40.0%	$7,792,545
Ara Kervandjian......	0.8%	$ 156,032	10.0%	$1,948,136
Raj Vakharia.........	2.2%	$ 429,088	20.0%	$3,896,273
Paul Levinsohn.......	2.2%	$ 429,088	20.0%	$3,896,273

POST-MERGER
% INTEREST IN PROFITS AND LOSSES FROM OPERATIONS AND SALES OF ASSETS ACQUIRED

NAME	POST-MERGER
Henry D. Sahakian....	33.3%
Daniel D. Sahakian...	33.3%
Ara Kervandjian......	8.3%
Raj Vakharia.........	25.0%
Paul Levinsohn.......	25.0%

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(1) Percentage of issued and outstanding shares as of April 30, 2004. See "Beneficial Ownership."

(2) Aggregate net book value of Uni-Marts as of April 1, 2004 was $19,504,000.

(3) Percentage of projected net book value post-merger.

PLANS OF THE GREEN VALLEY GROUP AFTER THE MERGER

The principal beneficial owners of Green Valley are certain members of Uni-Marts' current management (Henry Sahakian, Daniel Sahakian and Ara Kervandjian) and certain unaffiliated individuals (Raj Vakharia and Paul Levinsohn) with experience in commercial real estate, finance and law. While Green Valley will initially continue the current operations of our business and maintain our current credit facilities in their present form, Green Valley also plans to evaluate a variety of future business alternatives, including restructuring these credit facilities, effecting another form of recapitalization or debt restructuring, and selling and licensing stores. The contemplated debt restructuring may include converting existing debt into a short term "bullet" loan with an interest only feature or long-term amortization. In addition, Green Valley plans to explore the possibility of a stand-alone loan secured by Uni-Marts' real estate assets with the existing lender and/or the possibility of a new financing source. With the additional commercial real estate and finance expertise and contacts of Mr. Vakharia, Green Valley believes it may be better situated to consummate these debt restructuring, recapitalization and divestiture efforts.

There have not been any negotiations or agreements regarding Green Valley's future business alternatives, and there can be no assurance that Green Valley will be successful in any debt restructuring, recapitalization or divestiture efforts. In any event, the high execution risks or substantial benefits will not be borne by or inure to the benefit of the Public Stockholders, since they will receive cash for their Uni-Marts' shares pursuant to the merger. The source of the cash merger consideration will come from the members of Green Valley rather than from any leveraging of Uni-Marts' assets. See "SPECIAL FACTORS -- Source of Funds for the Merger."

CONDUCT OF BUSINESS IF MERGER NOT DONE

The Board of Directors has made no determination as to the direction Uni-Marts will take if the merger is not consummated. If the merger is not consummated, the Board of Directors will review all alternatives as to the future strategic direction of Uni-Marts, while continuing to operate the business substantially as presently operated; however, Uni-Marts could encounter liquidity problems if it is unable to consummate a certain level of asset sales.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary that describes the material United States federal income tax consequences of the merger for Uni-Marts, Green Valley, the Tri-Color Members, KOTA Management and the Public Stockholders under provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), and existing regulations and administrative and judicial interpretations thereunder in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. It is assumed for purposes of this summary that all of the stockholders of Uni-Marts hold their Uni-Marts common stock as capital assets within the meaning of Section 1221 of the Code, and not as dealers or for sale to customers in the ordinary course of a trade or business. This summary does not address particular federal income tax consequences that may be applicable where common stock was received pursuant to compensation arrangements, or where common stock is held as part of a "straddle," "hedge," "conversion transaction," "synthetic security," or other integrated investment, nor does it address special rules that may be applicable to certain types of stockholders, such as financial institutions, insurance companies, tax-exempt organizations and broker-dealers. Finally, this discussion does not address the federal income tax consequences to any stockholder who, for federal income tax purposes, is a non-resident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust (as defined in the Code), nor does it consider the effect of any foreign, state or local tax laws.

ALL STOCKHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN INCOME TAX LAWS, AND THE EFFECT OF ANY CHANGES IN APPLICABLE TAX LAWS.

Material Tax Consequences to Public Stockholders

In general, for federal income tax purposes, a stockholder receiving cash consideration as a result of the merger will recognize capital gain (or loss) to the extent that the amount of cash received for the shares of Uni-Marts' common stock held by such stockholder exceeds (or is less than) the stockholder's adjusted tax basis in such shares. The transaction may also be treated as a taxable sale for purposes of various state, local or foreign taxes to which particular stockholders may be subject.

For federal income tax purposes, capital gain or loss from the sale of stock held for more than one year will be treated as long-term capital gain or loss. In the case of an individual stockholder, long-term capital gains in excess of capital losses will generally be subject to a maximum federal income tax rate of 15%. Capital gain from the sale of common stock held for one year or less will be treated as short-term capital gain, which is subject to tax at ordinary income tax rates. Losses from the sale of capital assets may generally only be deducted to the extent of capital gains, provided that an individual investor may deduct up to $3,000 ($1,500 in the case of a married taxpayer filing separately) of net capital losses per year. Unused capital losses may generally be carried forward to future tax years.

Payments in connection with the merger may be subject to backup withholding, at a rate of 28%. Backup withholding does not apply if a stockholder is a corporation or comes within certain exempt categories and, when required, demonstrates this fact. Backup withholding also does not apply if the stockholder provides a correct taxpayer identification number or social security number to the paying agent, and otherwise complies with applicable requirements of the backup withholding rules of the Code. A stockholder who does not provide a correct taxpayer identification number may be subject to penalties imposed by the Internal Revenue Service ("IRS"). Any amount paid as backup withholding does not constitute an additional tax and will be creditable against the stockholder's federal income tax liability, provided that the required information is furnished to the IRS. Each stockholder should consult with a tax advisor as to qualification or exemption from backup withholding and the procedure for obtaining an exemption. You may prevent backup withholding by completing a Substitute Form W-9 provided by the paying agent and submitting it to the paying agent.

The holder of an option granted in connection with the performance of services will generally be treated as receiving ordinary income to the extent of the cash received by such holder and the amount of

any withholding made on behalf of such holder. Such income will be treated as compensation and thus will be subject to federal and state income and payroll withholding.

Material Tax Consequences to the Tri-Color Members and KOTA Management

The Tri-Color Members and KOTA Management will be treated for federal income tax purposes as having sold their Uni-Marts' common stock for $2.25 per share, notwithstanding that they have assigned the right to receive the merger consideration to Green Valley. The Tri-Color Members and KOTA Management will be required to recognize gain or loss notwithstanding that they do not receive any cash as a result of the merger and have a continued interest in Uni-Marts' assets through their beneficial ownership of Green Valley. Assuming that a Tri-Color Member and KOTA Management holds his, her or its Uni-Marts' common stock as a capital asset, the same tax rules applicable to Public Stockholders will apply.

Material Tax Consequences to Green Valley and Uni-Marts

There is limited authority regarding the federal income tax treatment of a merger of a corporation into a limited liability company treated as a partnership for federal income tax purposes. It is clear that the transaction will not be considered tax-free for federal income tax purposes. Based on applicable authority and the advice of counsel, Uni-Marts and Green Valley intend to treat the merger as a taxable sale by Uni-Marts of all of its assets for an amount equal to the sum of the debts and liabilities assumed by Green Value (or to which such assets are subject), plus the amount of cash consideration paid or payable by Green Valley for the Uni-Marts common stock and options.

It is expected that this sale of assets will result in a net taxable gain to Uni-Marts, but that this gain will be less than the amount of available net operating loss carryovers available to Uni-Marts for federal income tax purposes. Accordingly, it is not expected that the sale of assets by Uni-Marts will trigger a material federal income tax liability for Uni-Marts. The sale of assets may trigger state income tax liability to Uni-Marts, however, as a result of limitations on the amount of net operating loss carryovers available to Uni-Marts for state income tax purposes. To the extent the merger of Uni-Marts and the deemed sale of assets triggers a tax liability to Uni-Marts, this tax liability will be the responsibility of Green Valley as a result of its assumption of all of the liabilities of Uni-Marts. The amount payable to Public Stockholders in the merger will not be affected by the tax treatment of Uni-Marts. Uni-Marts will cease to exist for income tax purposes upon the consummation of the merger and will be required to file final federal, state and local tax returns.

Green Valley will not succeed to any of the corporate tax attributes of Uni-Marts. Green Valley should be treated as having purchased the assets of Uni-Marts in a taxable transaction and its initial tax basis in such assets should equal the amount it is treated as having paid for such assets. This aggregate basis must be allocated among the various classes of assets acquired from Uni-Marts in accordance with the purchase price allocation rules set forth in Section 1060 of the Code.

FEES AND EXPENSES

Uni-Marts estimates that it will incur merger-related fees and expenses, consisting primarily of financial advisory fees, SEC filing fees, attorneys and accountants and other related charges, totaling

approximately $601,173, assuming the merger is completed. This amount consists of the following estimated fees:

Investment banking fees and expenses......................	$150,000
SEC filing fee..	$ 1,173
Legal fees and expenses...................................	$300,000
Accounting fees and expenses..............................	$ 10,000
Printing and mailing costs................................	$130,000
Miscellaneous and other expenses..........................	$ 10,000
Total...	$601,173

ACCOUNTING TREATMENT

For accounting and financial reporting purposes, the merger will be accounted for as a purchase.

SOURCE OF FUNDS FOR THE MERGER

Uni-Marts and Green Valley estimate that the total amount of funds required under the merger agreement to purchase all of the outstanding shares of Uni-Marts' common stock owned by the Public Stockholders and to pay the cash amounts owed in respect of stock options outstanding at the time of the consummation of the merger will be approximately $9.3 million. This amount will be paid from funds contributed to Green Valley by Tri-Color and KOTA Holdings, as described below. Green Valley has no alternative plans or arrangements if it does not receive these capital contributions from Tri-Color and KOTA Holdings, however, as described below, the amounts to be contributed have either already been contributed or are available by drawing on letters of credit that have been delivered to an escrow agent.

Tri-Color will contribute approximately $10 million to Green Valley. Approximately $3.0 million of this amount has been funded by cash contributed by HFL Corporation, obtained from its corporate assets. The balance of approximately $7.0 million represents the value of the rights that the Tri-Color Members have to receive the merger consideration that have been assigned to Green Valley.

KOTA Holdings will contribute approximately $6.8 million to Green Valley. KOTA Holdings is being funded through a capital contribution in the amount of $2.0 million from KOTA Management and a capital contribution in the amount of $4.8 million from an unaffiliated preferred equity investor. Of the $2.0 million capital contribution from KOTA Management, approximately $160,000 has already been funded in cash from the personal assets of Messrs. Vakharia and Levinsohn, an irrevocable letter of credit in the amount of $1.48 million has been delivered to an escrow agent and the balance of approximately $360,000 represents the value of the rights that KOTA Management has to receive the merger consideration that have been assigned to Green Valley. The outside preferred equity investor has delivered to an escrow agent an irrevocable letter of credit in the amount of $4.8 million for its portion of the capital contribution. The $4.8 million capital contributed by the preferred equity investor is subject to mandatory redemption within 18 months following closing of the merger. Prior to redemption, the investment will accrue interest at a rate of 13% per year. The preferred equity investor will also receive a participation fee equal to $1.74 million, payable within 18 months following closing of the merger. If the investment, participation fee and accrued interest are not paid in full within 9 months following closing of the merger, KOTA Holdings is obligated to pay an additional fee of $193,333 per month until all such amounts are paid in full.

Upon making its capital contribution to KOTA Holdings, the preferred equity investor (JDH Holdings LLC) will accrue a preferred return on that capital contribution, a portion of which is a fixed amount (payable only if the merger is consummated) and a portion of which is based upon a percentage of the amount contributed and the amount of time between the capital contribution and the return of capital to the preferred equity investor. Once KOTA Holdings distributes to the preferred equity investor all of the preferred return and the capital contributed by the preferred equity investor, it will redeem the

preferred equity investor's membership interest in KOTA Holdings for a nominal payment. If that redemption does not occur within nine months, the amount of the preferred equity investor's preferred return will increase. If that redemption does not occur within eighteen months, the preferred equity investor will have the ability to purchase KOTA Management's interest in KOTA Holdings for a nominal amount, becoming the sole member of KOTA Holdings.

Each of KOTA Management and the outside preferred equity investor has delivered an irrevocable letter of credit to an escrow agent. The closing of the merger is scheduled to occur within 24 hours after the receipt by that escrow agent of a factual certificate from KOTA Management (as to, among other facts, that the merger has received stockholder approval, Green Valley has all of the funds necessary to consummate the merger (other than the funds provided by the preferred equity investor), and that KOTA Management and KOTA Holdings have not breached portions of their governing documents). Immediately prior to the closing of the merger the escrow agent will draw down on those letters of credit and release the funds it holds to Green Valley, and such funds will be treated as the capital contributions by KOTA Management to Green Valley, and by the outside preferred equity investor to KOTA Holdings. The only condition to the draw on the letters of credit and release of funds to Green Valley is the receipt by the escrow agent and the banks issuing the letters of credit of that factual certification from KOTA Management.

REGULATORY APPROVALS

Uni-Marts does not believe that any material federal or state regulatory approvals, filings or notices are required by Uni-Marts with respect to consummation of the merger other than (i) filings required under the Exchange Act; (ii) filing of (A) a certificate of merger with the Secretary of State of Delaware and (B) articles of merger with the Secretary of the Commonwealth of Pennsylvania; and (iii) filings or approvals required under state licensing laws. Uni-Marts does not believe that these filings present an obstacle to the prompt completion of the merger.

RISKS THAT MERGER WILL NOT BE CONSUMMATED

Consummation of the merger is subject to certain conditions, including adoption of the merger agreement by an affirmative vote of the holders of a majority of the outstanding shares of common stock. Even if the requisite approval of the stockholders is obtained, there can be no assurance that the merger will be consummated. See "THE MERGER AGREEMENT -- Conditions to the Merger."

OTHER AGREEMENTS BETWEEN GREEN VALLEY, OTHER MEMBERS OF THE GREEN VALLEY GROUP AND UNI-MARTS

In February 2002, the Compensation Committee of the Uni-Marts Board adopted a transaction success bonus plan to reward the three top executives of Uni-Marts in the event that they were able to consummate a transaction advancing Uni-Marts' then-current strategic plan and increasing stockholder value by selling a significant number of stores above a certain price threshold. The plan was later amended to include the sale of the entire company. Henry Sahakian and Ara Kervandjian are two of the three officers covered by the plan, and they are entitled to payments of approximately $200,000 and $100,000, respectively, upon consummation of the merger pursuant to the plan. Messrs. Sahakian and Kervandjian are also parties to change of control agreements with Uni-Marts pursuant to which they would be entitled to payments of approximately $996,866 and $523,250, respectively, upon consummation of the merger and termination of their employment within two years after the merger and change in control either (i) by Uni-Marts (unless for cause) or (ii) by the employee following a significant reduction in the employee's compensation, authority, duties or responsibilities. Since these individuals are beneficial owners of Green Valley, they have agreed to waive their right to receive any change of control payments from Uni-Marts that may be due as a result of the merger. The Green Valley operating agreement, however, contemplates preferential cash distributions to Tri-Color (which are then to be distributed to Messrs. Sahakian and Kervandjian) to provide these individuals after the merger with amounts of money equivalent to such waived payments.

Messrs. Henry Sahakian and Kervandjian have entered into employment agreements with Green Valley that will become effective as of the closing of the merger of Uni-Marts and Green Valley. Mr. Sahakian will be employed as the Co-Chairman and President of Green Valley with an annual base salary of $333,400, equal to the salary that he currently receives from Uni-Marts. Mr. Kervandjian will be employed as the Executive Vice President with an annual base salary of $300,000. Each of the employment agreements has a two-year term and may be extended by the majority vote of the member-managers of Green Valley.

Uni-Marts currently pays premiums to maintain a split-dollar insurance policy for the benefit of Mr. Henry Sahakian and his family. This policy will be terminated at the effective time of the merger and Green Valley will receive the cash surrender value of such policy, estimated to be approximately $480,000. Mr. Sahakian's employment agreement with Green Valley provides that he is to receive a cash bonus equal to the amount of such cash surrender value promptly following Green Valley's receipt of such amount, together with an additional $120,000 bonus within 45 days after the consummation of the merger.

Green Valley's operating agreement also requires Green Valley to exercise options to purchase equipment leased by certain affiliates of the Tri-Color Members to Uni-Marts, provided that Green Valley shall not be obligated to pay more than $190,000 in the aggregate for such equipment purchases.

THE MERGER AGREEMENT

This section of the proxy statement describes material aspects of the merger, including material provisions of the merger agreement. A copy of the merger agreement is attached to this proxy statement as Annex A and is incorporated herein by reference. The following discussion, however, is not a complete statement of all provisions of the merger agreement and such discussion is therefore qualified by reference to the more detailed information set forth in the merger agreement. You are urged to read the entire merger agreement carefully.

THE MERGER

The merger agreement provides that, upon the terms and subject to the conditions in the merger agreement, Uni-Marts will be merged with and into Green Valley. As a result of the merger, Uni-Marts' corporate existence will cease and Green Valley will continue as the surviving entity. The merger will become effective at the time a certificate of merger is filed with the State of Delaware and articles of merger are filed with the Commonwealth of Pennsylvania. The merger is expected to occur as soon as practicable after all conditions to the merger have been satisfied or waived.

Uni-Marts' Board of Directors, relying upon, among other things, the recommendation of the Ad Hoc Committee, has approved, and deems the merger to be advisable, fair to and in the best interests of Uni-Marts' stockholders, including the Public Stockholders. Upon consummation of the merger, each issued and outstanding share of Uni-Marts' common stock will be cancelled and converted automatically into the right to receive $2.25 in cash per share. The Tri-Color Members and KOTA Management have contributed to Green Valley their right to receive the merger consideration for their Uni-Marts' shares.

The merger agreement provides that the managers of Green Valley at the time of consummation of the merger shall continue as the managers of the surviving entity.

CONVERSION OF COMMON STOCK

Once the merger is completed, the following will occur to the outstanding shares of common stock of Uni-Marts:

- Each share of Uni-Marts' common stock, issued and outstanding immediately prior to the effective time of the merger, will automatically be converted into the right to receive an amount in cash equal to $2.25 per share, payable without interest;

- All shares of Uni-Marts' common stock, when converted, will no longer be outstanding and will automatically be cancelled and retired;

- Each holder of a certificate formerly representing shares of Uni-Marts' common stock will cease to have any rights as a stockholder of Uni-Marts, except the right to receive the merger consideration;

- After the merger is completed, Uni-Marts will send you a transmittal form and written instructions for exchanging your share certificates for the merger consideration. Do not send share certificates now; and

- Uni-Marts' transfer agent, acting as exchange agent, will pay the merger consideration to the Public Stockholders.

STOCK OPTIONS

At the effective time of the merger, each outstanding stock option to purchase shares under Uni-Marts' stock option plans, whether vested or unvested, will automatically be converted into the right to receive an amount in cash (subject to applicable withholding taxes) equal to $2.25 per share, less the applicable exercise price, for each share of common stock subject to such options.

CONDITIONS TO THE MERGER

Green Valley

The obligations of Green Valley to effect the merger and otherwise consummate the transactions contemplated by the merger agreement are subject to the satisfaction, at or prior to the closing, of conditions, among others, to the following general effect:

- The representations and warranties of Uni-Marts contained in the merger agreement shall be accurate in all material respects as of the date of the merger agreement and as of the closing date, except that any representations and warranties qualified by materiality qualifications shall be accurate in all respects as of the date of the merger agreement and as of the closing date;

- Each covenant or obligation that Uni-Marts is required to comply with or to perform at or prior to the closing shall have been complied with and performed in all material respects;

- The merger agreement and the merger shall have been duly approved by the necessary vote of Uni-Marts' stockholders (and fewer than 15% of the outstanding shares of Uni-Marts' common stock shall be dissenting shares);

- Since September 30, 2003, there shall have been no events, changes or effects, individually or in the aggregate, with respect to Uni-Marts that constitute a material adverse effect on Uni-Marts;

- Uni-Marts shall be in compliance with certain financial parameters at the closing date;

- There shall be no statute, rule, regulation, executive order, decree, ruling or injunction that has been enacted or promulgated and remaining in effect by any court or governmental entity that prohibits, enjoins or restricts consummation of the merger;

- All governmental and regulatory notices, approvals and other requirements necessary to consummate the merger shall have been given, obtained or complied with;

- This proxy statement shall not be the subject of any stop order; and

- Green Valley shall have received the following agreements and documents, each of which shall be in full force and effect: (A) estoppel certificates and consents from each of the principal lenders to Uni-Marts; (B) consents from each lessor which leases properties to Uni-Marts to the extent such consents are required; (C) consents from each significant vendor to Uni-Marts to the extent such consents are required; (D) required consents from other parties to significant agreements with Uni-Marts; and (E) a certificate of the non-foreign status of Uni-Marts and its subsidiaries.

Uni-Marts

The obligations of Uni-Marts to effect the merger and otherwise consummate the transactions contemplated by the merger agreement are subject to the satisfaction, at or prior to the closing, of conditions, among others, to the following general effect:

- The representations and warranties of Green Valley contained in the merger agreement shall be accurate in all material respects as of the date of the merger agreement and as of the closing date, except that any representations and warranties qualified by materiality qualifications shall be accurate in all respects as of the date of the merger agreement and as of the closing date;

- Each covenant or obligation that Green Valley is required to comply with or to perform at or prior to the closing shall have been complied with and performed in all material respects;

- The merger agreement and the merger shall have been duly approved by the necessary vote of Uni-Marts' stockholders;

- There shall be no statute, rule, regulation, executive order, decree, ruling or injunction that has been enacted or promulgated and remaining in effect by any court or governmental entity that prohibits, enjoins or restricts consummation of the merger;

- All governmental and regulatory notices, approvals and other requirements necessary to consummate the merger shall have been given, obtained or complied with; and

- This proxy statement shall not be the subject of any stop order.

For purposes of the merger agreement, any change or event will be deemed to have a "material adverse effect," or constitute a "material adverse change," on one of the parties if such change or event (i) is or would reasonably be expected to be materially adverse to the business, assets or results of operations or condition of such party and its subsidiaries taken as a whole, or (ii) prevents or materially delays the consummation of the merger; but there shall not be included certain changes or events such as those arising from the United States economy in general or the industries in which the party operates nor, with respect to Uni-Marts, the delisting of its shares from the American Stock Exchange, changes in its stock price or trading volume, or losses in any 2004 fiscal quarter that are consistent with losses in the comparable quarter of fiscal year 2003.

Either party may elect to waive any condition to closing not fulfilled by the other party except the condition that the merger agreement and merger be approved by the requisite stockholder vote. Since most of the conditions to closing represent obligations that Uni-Marts must fulfill, Uni-Marts does not anticipate waiving any condition that would require a resolicitation of proxies or otherwise pose any material risk to the Public Stockholders. In the event Uni-Marts would waive a material condition, we will resolicit proxies.

REPRESENTATIONS AND WARRANTIES

The merger agreement contains certain representations and warranties by Uni-Marts, including:

- Due organization and qualification

- Capitalization and subsidiaries

- Corporate power and authority and Board of Directors recommendation

- Filings with the SEC, financial statements and Sarbanes-Oxley compliance

- Information to be supplied in proxy statement

- Required consents and approvals

- No defaults

- Absence of certain changes

- Litigation

- Compliance with legal requirements

- Employee and labor matters and benefit plans

- Environmental matters

- Title to real property and other assets

- Relationships with suppliers

- Material contracts

- Certain business practices

- Tax matters

- Intellectual property

- Insurance

- Inapplicability of certain anti-takeover statutes

- The vote required to approve the merger agreement

- The receipt of a fairness opinion from Boenning & Scattergood

- Brokers, finders and investment bankers and their fees or commissions

- Disclosure

The merger agreement also contains certain representations and warranties by Green Valley, including:

- Due organization and qualification

- Limited liability company power and authority

- Information to be supplied in proxy statement

- Required consents and approvals

- Litigation

- Business activities

- Brokers, finders and investment bankers and their fees or commissions

- Disclosure

- Necessary Capital

COVENANTS

Access and Information

The merger agreement requires that during the period from January 26, 2004 through the effective time of the merger (the "pre-closing period"), Uni-Marts shall:

- Provide Green Valley's representatives with reasonable access to Uni-Marts' employees, stores, offices and other facilities and to all books, records and reports and financial, environmental and operating data; and

- Promptly furnish to Green Valley monthly unaudited and quarterly audited financial information.

During the pre-closing period, Uni-Marts must promptly notify Green Valley in writing of the discovery by Uni-Marts of any event, condition, fact or circumstance that caused or constitutes a material inaccuracy in any representation or warranty or breach of a covenant made by Uni-Marts in the merger agreement, and deliver to Green Valley an addition or modification to the disclosure schedule delivered by Uni-Marts to Green Valley on the date of the merger agreement. Green Valley has the right within 15 days of notice of such addition or modification to terminate the merger agreement. If Green Valley does not so terminate, each addition to or modification of the Uni-Marts disclosure schedule will be effective to cure and correct for all purposes any breach of any representation, warranty or covenant relating to the Uni-Marts disclosure schedule not having read at all times as so supplemented or modified (provided that each time Uni-Marts delivers an addition or modification to its disclosure schedule, Green Valley has a new 15-day period to consider whether such changes on a cumulative basis give rise to a material breach of any representation or warranty).

Conduct of Uni-Marts' Business

The merger agreement requires that during the pre-closing period, Uni-Marts shall, among other things:

- Conduct its operations in the ordinary course of business consistent with past practice,

- Use all reasonable efforts not to take any action that would make any of the representations or warranties of Uni-Marts contained in the merger agreement untrue or incorrect in any material respect; and

- Use all commercially reasonable efforts to preserve intact its current business organizations, keep available the service of its current officers and employees and preserve its relationships with suppliers, customers, distributors, lessors, creditors, employees, contractors and others having business dealings with Uni-Marts.

During the pre-closing period, Uni-Marts shall not be permitted to take certain actions (without the prior written consent of Green Valley), such as issuing additional securities (except pursuant to the terms of its 401(k) plan); incurring debt except borrowings in the ordinary course of business; increasing officer or employee compensation; selling, leasing or acquiring any material assets; entering into or terminating any material contract; or settling any substantial litigation.

Non-Solicitation

Pursuant to the merger agreement, Uni-Marts has agreed that during the pre-closing period, neither it nor any of its representatives will encourage, solicit, participate in or initiate discussions or negotiations with or provide any information to any person seeking to acquire a material portion of Uni-Marts' assets or make a proposal to acquire Uni-Marts. Uni-Marts is not prevented, however, in response to a proposal or offer that was not solicited, from furnishing nonpublic information regarding Uni-Marts or participating in discussions and negotiations regarding such proposal or offer, if all of the following conditions are met:

- The Uni-Marts Board of Directors determines in good faith, after consultation with legal counsel, that such action is required in order for the Uni-Marts Board of Directors to comply with its fiduciary duties under applicable law;

- Uni-Marts promptly notifies Green Valley of the identity of such party submitting the proposal and the terms and conditions of such proposal;

- Uni-Marts receives from such person a confidentiality agreement substantially the same as the confidentiality agreement executed by Green Valley;

- Uni-Marts provides Green Valley with a copy of any written agreements, proposals or other materials that Uni-Marts receives from any such person or group; and

- Uni-Marts advises Green Valley of the status of such negotiations at any time upon Green Valley's request, and promptly following any developments concerning the proposal.

The Uni-Marts Board of Directors may withdraw its recommendation of the merger or approve or recommend a superior proposal, but only (i) after providing written notice to Green Valley that it has received a superior proposal and specifying the material terms and conditions of such proposal, and (ii) if Green Valley does not, within five business days after its receipt of the notice of the superior proposal, make an offer that the Uni-Marts Board of Directors by majority vote determines in its good faith judgment to be at least as favorable to Uni-Marts' stockholders as such superior proposal.

A "superior proposal" means any bona fide proposal (i) to acquire solely for cash and/or securities, all of Uni-Marts' shares or all or substantially all of its assets, (ii) that contains terms that the Uni-Marts Board of Directors by a majority vote determines in its good faith judgment to be more favorable to Uni-Marts' stockholders than the merger, (iii) that the Uni-Marts Board of Directors by majority vote determines in its good faith judgment to be reasonably capable of being completed, (iv) that does not contain any "due diligence condition" other than any due diligence condition set forth in the merger agreement, and (v) that the Uni-Marts Board of Directors by majority vote determines to be fully financed.

Meeting of Stockholders

Pursuant to the merger agreement, Uni-Marts will promptly take all action necessary in accordance with applicable law to convene and hold a special meeting to vote upon the approval of the merger agreement and the merger. Uni-Marts' obligation to convene and hold the special meeting will not be limited or otherwise affected by any decision by the Uni-Marts Board of Directors to withdraw its recommendation of the merger.

Indemnification and Insurance

Pursuant to the merger agreement, all rights to indemnification existing in favor of the persons serving as directors or officers of Uni-Marts prior to the effective time of the merger, as provided in the Uni-Marts certificate of incorporation and bylaws and in any indemnification agreements between Uni-Marts and such officers and directors, will be fulfilled and honored by Green Valley. The merger agreement also provides that for a period of six years after the effective time, Green Valley will maintain in effect directors' and officers' liability insurance, covering the persons covered by Uni-Marts' directors' and officers' liability insurance policy immediately prior to the effective time, on terms no less favorable to the insured parties than Uni-Marts' present directors' and officers' liability insurance policy. Green Valley is not obligated, however, to pay annual premiums to insure such parties in excess of 150% of the annual premium most recently paid by Uni-Marts, and Green Valley will be deemed to have satisfied all such obligations in the event that it acquires single premium tail insurance at an aggregate premium cost not more than 300% of the annual premium most recently paid by Uni-Marts for such insurance.

Certain Other Covenants

The merger agreement contains certain other covenants including covenants relating to: (i) obtaining consents and regulatory approvals; (ii) contesting any legal proceeding challenging the merger (see "BUSINESS OF UNI-MARTS -- Legal Proceedings"); (iii) public announcements; and (iv) Green Valley's right to cause Uni-Marts to terminate its 401(k) Plan immediately prior to consummation of the merger.

The right to cause the termination of the 401(k) Plan immediately prior to closing is preserved to allow the employee-participants maximum flexibility. The Uni-Marts' Board would adopt a resolution to this effect and all Plan terms and IRS requirements would be met. If this action does not occur before the closing of the merger, under current IRS rules, following closing, employee-participants would not be permitted to take their Plan balances until termination of employment. This would mean that they may not roll the balances over to an IRA should they choose to do so. If the Plan is terminated before the closing of the merger, however, they would be permitted to do so, and all benefits would be vested. The 401(k) Plan covers all Uni-Marts' employees and executives, but not its directors.

Green Valley presently intends to adopt a comparable retirement savings plan following the closing of the merger (but without matching contributions -- Uni-Marts' 401(k) Plan provides a small matching contribution contributed in the form of Uni-Marts' common stock). Following the closing, employee-participants will be able to take their balances from the Uni-Marts' 401(k) Plan and either (i) retain the monies subject to applicable penalties and taxes, (ii) roll the monies over to their own IRA, or (iii) roll the monies over into the new Green Valley 401(k) Plan.

TERMINATION

The merger agreement may be terminated prior to the effective time (whether before or after the approval of the merger agreement and the merger by the Uni-Mart stockholders):

- By mutual written consent of Uni-Marts and Green Valley;

- By either Green Valley or Uni-Marts if the merger has not been consummated by July 31, 2004, unless the failure to consummate the merger is attributable to a failure to act on the part of the party seeking to terminate the merger agreement;

- By either Green Valley or Uni-Marts if any court or governmental entity has issued a final, nonappealable order or ruling which restrains, enjoins or otherwise prohibits the merger;

- By Uni-Marts if any of Green Valley's representations and warranties contained in the merger agreement are materially breached, or Green Valley breaches in any material respect and fails to promptly cure any of its covenants or agreements under the merger agreement;

- By Uni-Marts if it convenes the special meeting to approve the merger and fails to obtain the requisite vote of its stockholders at such meeting;

- By Uni-Marts if the Uni-Marts Board of Directors receives a superior proposal and Green Valley does not, within five business days after receipt of notice of the superior proposal, make an offer that the Uni-Marts Board by majority vote determines to be at least as favorable to the Uni-Marts stockholders as such superior proposal;

- By Green Valley if any of Uni-Marts' representations and warranties contained in the merger agreement are materially breached, or Uni-Marts breaches in any material respect and fails to promptly cure any of its covenants or agreements under the merger agreement;

- By Green Valley if the Uni-Marts Board of Directors recommends to its stockholders a superior proposal;

- By Green Valley if the Uni-Marts Board of Directors withdraws or adversely modifies its approval or recommendation of the merger agreement or the merger or the Uni-Marts Board of Directors ceases using all reasonable efforts to convene the special meeting, or Uni-Marts convenes a special meeting to approve the merger and fails to obtain the requisite vote of its stockholders at such meeting; or

- By Green Valley if certain conditions to closing are not satisfied, principally that holders of 15% or more of the Uni-Marts shares elect dissenters rights or Uni-Marts fails to meet designated financial parameters (namely that Uni-Marts has, at the end of the month preceding consummation of the merger, consolidated cash of at least $4 million, net operating assets of at least $6 million and annual EBITDA of at least $11 million).

If Green Valley terminates the merger agreement because holders of 15% or more of the Uni-Marts shares elect dissenters rights, then Green Valley is obligated to commence promptly a tender offer to purchase all outstanding shares at a price of $2.25 per share. If Green Valley acquires a majority of the Uni-Marts shares pursuant to the tender offer and elects to deregister the shares, non-tendering stockholders may lose all liquidity with respect to their shares, and Green Valley will have the power to elect all members of Uni-Marts'

Board of Directors.

EXPENSES AND TERMINATION FEES

Pursuant to the merger agreement, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid by the party incurring such expenses, whether or not the merger is consummated.

If the merger agreement is terminated because Uni-Marts receives a superior proposal, Green Valley shall be entitled to receive a termination or "break-up" fee of $800,000. Conversely, if the merger agreement is terminated because of a breach by Green Valley of any representation, warranty or covenant, Uni-Marts may recover up to $800,000 from Green Valley.

THE VOTING AGREEMENTS

The Tri-Color Members and KOTA Management, who beneficially own an aggregate of 3,304,559 outstanding shares of Uni-Marts' common stock (representing approximately 45.8% of the outstanding shares of Uni-Marts' common stock as of April 30, 2004), have entered into voting

agreements with Green Valley providing that, until the consummation of the merger (or termination of the merger agreement), they will vote their shares of Uni-Marts' common stock:

- In favor of the merger and the merger agreement;

- Against any proposed third party acquisition of significant assets or stock of Uni-Marts; and

- Against any other action which is intended to interfere with, delay, postpone or adversely affect the merger.

The parties subject to these voting agreements have also (i) appointed Green Valley as their proxy to vote their Uni-Marts shares in accordance with the matters covered by such voting agreements, (ii) agreed not to transfer any Uni-Marts shares owned by them while the voting agreements are in effect, and (iii) agreed to tender their shares if Green Valley commences a tender offer pursuant to the terms of the merger agreement.

BUSINESS OF UNI-MARTS

Uni-Marts is an independent operator of convenience stores and discount tobacco stores. At April 1, 2004, Uni-Marts operated 222 convenience stores and 63 Choice Cigarette Discount Outlets in Pennsylvania, New York, Delaware, and Maryland, of which 186 convenience stores and 49 Choice stores, respectively, sold gasoline.

Most of the stores are located in small towns and rural locations. The size of Uni-Marts stores generally ranges from approximately 1,200 to 3,300 square feet with newly constructed stores generally having over 3,000 square feet. Uni-Marts' largest location is 12,800 square feet in size. Typically, the convenience stores offer a complete line of over 3,000 popular consumer items. Uni-Marts' convenience stores offers a full array of dry grocery items, health and beauty aids, newspapers and magazines, dairy products, tobacco products, fountain drinks and freshly ground coffee and cappuccino products. In addition, Uni-Marts also offers products designed to increase store traffic, such as made-to-order proprietary and branded fast foods, as well as services including lottery tickets, automated teller machines ("ATMs"), prepaid cellular telephones and telephone cards and money order sales.

Uni-Marts' merchandising and marketing programs are designed to promote convenience through store location, hours of operation, parking, customer service, product selection and checkout procedures. Store hours are intended to meet customer needs and the characteristics of the community in which each store is located. Approximately 50% of Uni-Marts' convenience stores are open 24 hours per day, while the majority of the remaining stores are open from 5:00 a.m. to 12:30 a.m. To improve speed of service, most of Uni-Marts' products and services are sold on a self-service basis.

Uni-Marts' operations at many locations are enhanced by self-service gasoline facilities. At April 1, 2004, 235 of Uni-Marts' stores sold gasoline, with 137 of these locations also offering kerosene and 19 offering diesel fuel. Uni-Marts offers BPAmoco gasoline at 34 locations, Exxon gasoline at 24 locations, Mobil gasoline at 9 locations, Texaco gasoline at 8 locations, Citgo gasoline at one location, Sunoco gasoline at one location and Uni-Mart branded gasoline at 157 locations. Another location sells branded gasoline on a commission basis.

Uni-Marts' executive offices are located at 477 East Beaver Avenue, State College, PA 16801-5690, its phone number is (814) 234-6000, and the website is www.uni-mart.com.

UNI-MARTS INC. AND SUBSIDIARIES SELECTED CONSOLIDATED FINANCIAL DATA

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

The following selected consolidated financial data should be read in conjunction with the audited consolidated financial statements, related notes, other financial information and management's discussion and analysis of financial condition and results of operations included elsewhere in this proxy statement.

	FISCAL YEAR ENDED SEPT. 30,				
	1999	2000(1)	2001	2002	2003
STATEMENTS OF OPERATIONS DATA:					
Sales and other income by Uni-Marts and its franchisees:					
Merchandise sales	$ 96,831	$112,159	$130,341	$143,315	$140,471
Gasoline sales	74,037	121,156	143,257	117,007	154,076
Other income	2,070	1,744	1,676	1,658	1,445
Total	172,938	235,059	275,274	261,980	295,992
Cost of sales	127,261	184,796	216,953	205,300	239,767
Gross profit	45,677	50,263	58,321	56,680	56,225
Selling	34,089	34,885	39,931	39,811	40,363
General and administrative	7,509	6,731	7,264	8,026	7,621
Depreciation and amortization	3,955	4,177	4,884	4,709	4,435
Interest	2,772	3,630	4,548	3,710	3,589

Provision for asset impairment	208	160	54	0	0
(Loss) earnings from continuing operations before income taxes and change in accounting principle	(2,856)	680	1,640	424	217
Income tax (benefit) provision	(850)	268	651	179	6
(Loss) earnings from continuing operations before change in accounting principle	(2,006)	412	989	245	211
Discontinued operations:					
(Loss) earnings from discontinued operations	(328)	772	(892)	(2,703)	(2,311)
Loss on disposal of discontinued operations	0	0	0	0	(720)
Income tax (benefit) provision	(98)	304	(354)	(1,141)	(88)
(Loss) earnings from discontinued operations	(230)	468	(538)	(1,562)	(2,943)
Cumulative effect of change in accounting principle, net of income tax benefit of $310	0	0	0	0	(5,547)
Net (loss) earnings	$ (2,236)	$ 880	$ 451	$ (1,317)	$ (8,279)
(Loss) earnings per share:					
(Loss) earnings per share from continuing operations before change in accounting principle	$ (0.29)	$ 0.06	$ 0.14	$ 0.03	$ 0.03
(Loss) earnings per share from discontinued operations	(0.03)	0.07	(0.08)	$ (0.22)	(0.41)
Loss per share from change in accounting principle	0.00	0.00	0.00	0.00	(0.78)
Net (loss) earnings per share	$ (0.32)	$ 0.13	$ 0.06	$ (0.19)	$ (1.16)
Weighted average number of common shares outstanding	6,887	6,989	7,053	7,099	7,165
BALANCE SHEET DATA:					
Working capital	$ (541)	$ 3,500	$ 7,195	$ 1,743	$ 6,083
Total assets	88,475	144,238	148,630	145,145	127,961
Long-term obligations	34,141	75,006	81,273	72,126	34,450
Stockholders' equity	27,946	28,968	29,493	28,317	20,123

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(1) In April 2000, Uni-Marts purchased the operating assets and business of Orloski Service Station, Inc., consisting of 43 convenience stores and gasoline dispensing stations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The convenience store industry is highly competitive, continues to be fragmented and has relatively low barriers to entry. In addition, certain external forces exert pressure on the industry as a whole, and on Uni-Marts as well, including volatile fuel prices and margin pressures on gasoline and tobacco sales. Further, certain aspects of the convenience store business operate subject to government regulation, which include such areas as environmental regulations, franchising laws and tobacco regulations. These factors have combined during the past few years to constrain industry growth and to create liquidity pressures.

Uni-Marts' revenues are derived primarily from the retail sales of merchandise and gasoline at its 285 convenience and discount tobacco stores in Pennsylvania, New York, Delaware and Maryland. Uni-Marts' primary competitors include national chains such as A-Plus and 7-Eleven, and regional chains such Sheetz, WaWa, Hess, Turkey Hill and Co/Go. In addition, Uni-Marts' business is subject to seasonal influences with sales adversely impacted during the unfavorable winter weather conditions. In order to meet the competitive and industry issues, Uni-Marts has focused its efforts to improve merchandising and marketing programs designed to promote convenience and customer service. In addition, Uni-Marts is updating its business systems and technology to streamline key business processes and continues to evaluate individual store contributions to the company's overall performance.

During the last three years, sales of merchandise have generated about 50% of Uni-Marts revenue and about 75% of its gross profit. Gasoline sales accounted for most of the remaining 50% of revenues and generated about 22% of gross profit.

The following table sets forth the percentage relationship of certain expense items to total revenues. It should be noted that the primary factors influencing the percentage relationship of cost of sales to revenues are the volatility of gasoline prices and gross profits, and the number of stores selling gasoline. On a percentage basis, the gross profit on gasoline sales is significantly less than the gross profit on merchandise sold in the convenience stores.

	FISCAL YEAR ENDED SEPT. 30,			QUARTER ENDED		TWO
	2001	2002	2003	APR. 3, 2003	APR. 1, 2004	APRIL 2003
				(UNAUDITED)		(U
Revenues:						
Merchandise sales	47.4%	54.7%	47.5%	48.5%	42.9%	49.5
Gasoline sales	52.0	44.7	52.0	51.0	56.4	50.0
Other income	0.6	0.6	0.5	0.5	0.7	0.5
Total revenues	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	78.8	78.4	81.0	80.6	83.2	80.1
Gross profit:						
Merchandise (as a percentage of merchandise sales)	32.1	30.2	30.1	29.3	29.2	30.1
Gasoline (as a percentage of gasoline sales)	10.3	10.0	8.1	9.1	6.4	9.0
Total gross profit	21.2	21.6	19.0	19.4	16.8	19.9
Costs and expenses:						
Selling	14.5	15.2	13.6	14.7	12.7	14.5
General and administrative	2.6	3.0	2.6	2.9	2.8	2.8

Depreciation and amortization........	1.8	1.8	1.5	1.6	1.3	1.6
Interest............................	1.7	1.4	1.2	1.3	1.1	1.3
Total expenses...................	20.6	21.4	18.9	20.5	17.9	20.2

	FISCAL YEAR ENDED SEPT. 30,			QUARTER ENDED		TWO
	2001	2002	2003	APR. 3, 2003	APR. 1, 2004	APRIL 2003
				(UNAUDITED)		(U
(Loss) earnings from continuing operations before income taxes and change in accounting principle.......	0.6	0.2	0.1	(1.1)	(1.1)	(0.3
Income tax provision..................	0.2	0.1	0.0	0.0	0.0	0.0
(Loss) earnings from continuing operations before change in accounting principle................	0.4	0.1	0.1	(1.1)	(1.1)	(0.3
Discontinued operations:						
(Loss) earnings from discontinued operations.......................	(0.3)	(1.0)	(0.8)	(2.0)	(0.6)	(1.6
Loss on disposal of discontinued operations.......................	0.0	0.0	(0.2)	(0.4)	0.0	(0.2
Income tax provision (benefit).......	(0.1)	(0.4)	0.0	(0.1)	0.0	(0.1
(Loss) earnings from discontinued operations..........................	(0.2)	(0.6)	(1.0)	(2.3)	(0.6)	(1.7
Cumulative effect of change in accounting principle, net of income tax benefit.........................	0.0	0.0	(1.9)	0.0	0.0	(4.0
Net earnings (loss)...................	0.2%	(0.5)%	(2.8)%	(3.4)%	(1.7)%	(6.0

Quarters Ended April 1, 2004 and April 3, 2003

At April 1, 2004, Uni-Marts operated 285 stores, which were comprised of 222 Uni-Mart convenience stores and 63 Choice Cigarette Discount Outlets ("Choice"). Of these locations, two were franchised and 235 offered self-service gasoline. In the fiscal quarter, Uni-Marts sold one Uni-Mart convenience store. Uni-Marts had five fewer convenience stores and four fewer Choice stores in operation in the second fiscal quarter ended April 1, 2004 compared to the second fiscal quarter ended April 3, 2003.

As part of Uni-Marts' plan to divest stores, in fiscal 2003, Uni-Marts reclassified the assets of 130 stores on its balance sheet as properties held for sale and classified the income and expense of such stores as discontinued operations. At April 1, 2004, Uni-Marts had 122 remaining stores classified as assets held for sale on its balance sheet with a net book value of $40.5 million. Although these stores are now classified as discontinued operations, Uni-Marts intends to continue to operate these stores pending successful negotiation of their sale or sub-lease. See Note A to Condensed Consolidated Financial Statements for the second fiscal quarter ended April 1, 2004 for limitations on Uni-Marts' ability to sell or lease assets without the consent of Green Valley.

Continuing Operations

For the second quarter of fiscal 2004, ended April 1, 2004, revenues from continuing operations of 163 stores were $79.7 million, an increase of $11.6 million, or 16.9%, compared to revenues of $68.2 million for the second quarter of fiscal 2003. The increase in revenues is primarily the result of a 29.4% increase in gasoline sales as a result of a 34.5 cent per gallon increase in the average reported retail price per gallon of petroleum sold at Uni-Marts' locations in the second quarter of fiscal year 2004 compared to the second quarter of fiscal year 2003. The 34.5 cent per gallon price increase includes the effect of Uni-Marts' change in payment method for Pennsylvania gasoline taxes of 25.9 cents per gallon. As previously reported, in June 2003, Uni-Marts changed its payment method for gasoline taxes for its Pennsylvania stores and now includes the gasoline taxes in its average reported retail price per gallon and its cost of sales. This change in payment method has no effect on gross profits.

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Merchandise sales were $34.2 million, an increase of $1.1 million, or 3.4%, compared to merchandise sales of $33.1 million recorded in the second quarter of fiscal 2003. Other income increased by $204,000 to $540,000 in the current fiscal quarter primarily due to gains on the sale of assets of $154,000. Merchandise sales at comparable stores increased by 5.9% and gasoline gallons sold at comparable stores increased by 4.2% in the second quarter of fiscal 2004 compared to the second quarter of fiscal 2003.

Gasoline sales in the second quarter of fiscal year 2004 were $45.0 million, an increase of $10.2 million, compared to gasoline sales of $34.8 million in the second quarter of fiscal 2003. The gasoline sales increase includes approximately $6.1 million for gasoline taxes for Uni-Marts' Pennsylvania stores which was not included in gasoline sales in the second quarter of fiscal year 2003.

In the second fiscal quarter of 2004, when compared to the second fiscal quarter of 2003, increases and volatility in wholesale petroleum costs resulted in increases in retail petroleum prices and contributed to lower gross margins per gallon sold. Uni-Marts continues to evaluate alternatives to mitigate the volatility in wholesale petroleum costs. Generally, increased wholesale petroleum costs impacts consumer demand, overall customer traffic and indirectly affects our merchandise sales. In addition, increases in wholesale cigarette costs and tax increases on tobacco products have an adverse effect on consumer demand for such products. These factors generally impact our retail price of cigarettes, sales volumes, merchandise gross profits and overall customer traffic.

Gross profits on merchandise sales increased by $297,000 to $10.0 million in the second quarter of fiscal 2004. Higher merchandise sales contributed to the 3.1% increase in merchandise gross margins, while the merchandise gross profit rate was relatively unchanged in the second quarter of fiscal 2004 compared to the same period in fiscal 2003. Merchandise sales increased due primarily to the effects of increases in costs and tax increases on tobacco products, offset by fewer stores in operation in the current quarter in comparison to the second quarter of fiscal 2003.

Gross profits on gasoline sales declined by $286,000, or 9.1%, to $2.9 million in the second quarter of fiscal 2004, compared to gasoline gross margins of $3.2 million in the second quarter of fiscal 2003. A 2.6% increase in gasoline gallons sold in the current fiscal quarter was offset by an 11.4% decline in the gasoline gross profit per gallon sold. Gasoline gallons increased due in part to milder weather conditions during the current fiscal quarter in comparison to harsh weather conditions reported in the second quarter of the prior fiscal year.

Uni-Marts reported a 1.5% increase in selling expenses in the first fiscal quarter to $10.1 million due primarily to higher credit card fees resulting from higher retail petroleum prices, offset by fewer stores in operation in the current period in comparison to the same period in fiscal 2003. General and administrative expense increased by 12.4%, or $246,000, to $2.2 million, compared to $2.0 million, due primarily to a $358,000 increase in legal fees as a result of expenses related to Uni-Marts' merger negotiations, divestiture plan, and litigation expenses, as well as higher audit fees in the current fiscal quarter. These increases in general and administrative expenses were offset by a reduction in expenses related to Uni-Marts' improvements to its information systems. Depreciation and amortization expense declined by $34,000, or 3.1%, to $1.1 million as the result of lower levels of capital expenditures and fewer stores in operation in the current fiscal quarter. Interest expense declined by 2.9%, or $26,000, to $869,000 due to lower borrowing levels and interest rates in the second fiscal quarter of 2004, in comparison to the second fiscal quarter of 2003.

For the second quarter of fiscal 2004, losses from continuing operations, before income taxes and change in accounting principle, were $895,000, compared to losses from continuing operations, before income taxes and change in accounting principle, of $775,000 in the second quarter of fiscal 2003. Uni-Marts recorded a provision for income taxes of $1,000, compared to an income tax benefit of $42,000 in the second quarter of fiscal 2003. The lower tax rate is due to Uni-Marts' increased valuation allowance in fiscal 2003. Losses from continuing operations before the change in accounting principle were $896,000, or $0.13 per share, for the second quarter of fiscal 2004, compared to losses from continuing operations before the change in accounting principle of $733,000, or $0.10 per share, for the prior year's second fiscal quarter.

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Discontinued Operations

Uni-Marts reported a loss from discontinued operations in the second quarter of fiscal 2004 of $456,000, compared to a loss of $1.4 million in the second quarter of fiscal 2003. The loss from discontinued operations lessened primarily as a result of the discontinuance of $778,000 of depreciation on assets held for sale in the current fiscal quarter. The improvement in the loss from discontinued operations was also attributed to a decline in selling expenses of $84,000 due to fewer stores in operation and a $105,000 decline in interest expense primarily due to lower borrowing levels and interest rates. In the second quarter of fiscal 2004, there was no disposal of discontinued operations, compared to a loss of $248,000 on disposal of discontinued operations for the comparable quarter of fiscal 2003. Uni-Marts had no income tax provision in the current fiscal quarter, compared to an income tax benefit of $84,000 for the second quarter of fiscal 2003. The lower tax rate is due to Uni-Marts' increased valuation allowance in fiscal 2003. Total losses from discontinued operations for the second fiscal quarter of 2004 were $456,000, or $0.06 per share, compared to losses on discontinued operations of $1.5 million, or $0.22 per share, in the second quarter of fiscal 2003.

Other

During fiscal 2003, Uni-Marts increased its valuation allowance against the deferred tax asset because it was determined that it is more likely than not that Uni-Marts will not be able to fully utilize the NOL's. This increase in the reserve has resulted in a minimum tax provision in comparison to a 5.3% tax benefit in the second quarter of fiscal 2003.

Total net losses for continued and discontinued operations for the second quarter ended April 1, 2004 were $1.4 million, or $0.19 per share, compared to total net losses of $2.3 million, or $0.32 per share, for the second quarter of fiscal 2003.

Two Quarters Ended April 1, 2004 and April 3, 2003

Continuing Operations

Total revenues for the first two quarters of fiscal 2004 were $161.1 million, an increase of $21.8 million, or 15.6%, compared to total revenues of $139.3 million for the two quarters ended April 3, 2003. Revenues increased due principally to a $20.1 million, or 28.9%, increase in gasoline sales for the current reporting period to $89.7 million, compared to $69.6 million for the first six months of fiscal 2003. The increase in gasoline sales was due to a 35.0 cent per gallon increase in the average reported retail price per gallon of petroleum sold in the current reporting period, as the result of higher retail petroleum prices in the first six months of fiscal 2004 and the effects of Uni-Marts' change in its payment method for Pennsylvania gasoline taxes that became effective in June 2003. For the first six months of fiscal 2004, merchandise sales increased by $1.6 million, or 2.3%, to $70.5 million, compared to merchandise sales of $68.9 million in the first six months of fiscal 2003. Merchandise sales at comparable stores increased by 4.5% and gasoline gallons sold at comparable stores increased by 2.6% from the first six months of fiscal 2003. Other income increased by $97,000, or 12.9%, to $851,000 for the current six-month period due primarily to gains on the sale of assets of $146,000, offset by lower rental income and commissions due to fewer stores in operation.

Increases in wholesale cigarette costs and tax increases on tobacco products have an adverse effect on consumer demand for such products. These factors impact our retail price of cigarettes, sales volumes, merchandise gross profits and overall customer traffic. While Uni-Marts attempts to maintain its gross profit margin on tobacco products by passing these types of price increases on to its customers, competitive pressures in specific markets prevent it from doing so. As a result, tobacco unit sales are negatively impacted as well as the gross profit associated with these products. In the first six months of fiscal 2004, these factors contributed to higher merchandise sales and a decline in the merchandise gross margin rate when compared to the first six months of fiscal 2003.

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Gross profits on merchandise sales were $21.1 million, an increase of 1.6% compared to merchandise gross profits of $20.7 million for the first six months of fiscal 2003. The increase in merchandise gross profits was primarily the result of higher merchandise sales levels, offset by a 0.2% decline in the merchandise gross margin rate for the first two quarters of fiscal 2004.

Gross profits on gasoline sales for the first two quarters of fiscal 2004 declined by 2.9% to $6.1 million compared to gasoline gross profit margins of $6.2 million reported in the first two quarters of fiscal 2003. The decline was due to a 3.4% decline in the gross margin rate per gallon sold, offset by a 0.6% increase in gasoline gallons sold in the first six months of fiscal 2004.

Selling expenses declined by $54,000, or 0.3%, to $20.2 million due to lower maintenance expenses as a result of fewer stores in operation in the current period, offset by increases in credit card fees resulting from higher retail petroleum prices. General and administrative expense increased by 14.0%, or $542,000, to $4.4 million for the first six months of fiscal 2004 due to increased legal and professional fees of $805,000 as a result of expenses related to merger negotiations, litigation expenses, Uni-Marts' divestiture plan and higher audit fees. These increased expenses were offset by lower expenses related to Uni-Marts' improvements to its information systems and the non-replacement of corporate personnel in an attempt to reduce general and administrative overhead. Depreciation and amortization expense for the first six months of fiscal 2004 declined by 2.9% to $2.2 million due to lower levels of capital expenditures in recent years and fewer stores in operation. Interest expense declined by $57,000, or 3.1%, to $1.8 million for the first six months of fiscal 2004 compared to the first six months of fiscal 2003 due to lower interest rates and borrowing levels.

For the first six months of fiscal 2004, losses from continuing operations, before income taxes and change in accounting principle, were $522,000, compared to losses from continuing operations, before income taxes and change in accounting principle, of $415,000 for the first six months of fiscal 2003. Uni-Marts recorded a provision for income taxes of $2,000, compared to an income tax benefit of $23,000 for the first six months of fiscal 2003. Losses from continuing operations before a change in accounting principle were $524,000, or $0.07 per share, compared to losses from continuing operations before the change in accounting principle of $392,000, or $0.05 per share, for the first six months of fiscal 2003.

Discontinued Operations

Uni-Marts reported a loss from discontinued operations of $118,000 for the first six months of fiscal 2004, compared to a loss from discontinued operations of $2.2 million in the first six months of fiscal 2003. The loss from discontinued operations lessened for the first six months of fiscal 2004 due primarily to reductions in depreciation and amortization and interest expenses of $1.7 million, as well as lower selling expenses due to fewer stores in operation. These positive impacts were offset by lower merchandise and gasoline gross profits in the first six months of fiscal 2004. In the two quarters ended April 1, 2004, there was no disposal of discontinued operations, compared to a loss of $248,000 on disposal of discontinued operations for the comparable period of fiscal year 2003. Uni-Marts recorded an income tax benefit of $128,000 for the loss on discontinued operations for the first six months of fiscal year 2003. Total losses on discontinued operations for the six months ended April 1, 2004 was $118,000, or $0.02 per share, compared to losses of $2.3 million, or $0.32 per share, for the first six months of fiscal 2003.

Other

In the first quarter of fiscal 2003, Uni-Marts reported a one-time non-cash charge of $5.5 million, or a loss of $0.78 per share, due to the adoption of Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets." SFAS 142 requires that assets with indefinite lives not be amortized but tested annually for impairment and provides specific guidelines for such testing. In accordance with SFAS 142, Uni-Marts discontinued the amortization of goodwill as of October 1, 2002 and completed its impairment testing during fiscal year 2003, which resulted in the write-off of the total goodwill balance.

During fiscal 2004, Uni-Marts increased its valuation allowance against the deferred tax asset because it was determined that it is more likely than not that Uni-Marts will not be able to fully utilize the NOL's. This increase in the reserve has resulted in a minimum tax provision in the first two quarters of fiscal 2004 compared to a 5.3% tax benefit in the first two quarters of fiscal 2003.

Total net losses for the two quarters ended April 1, 2004 were $642,000, or $0.09 per share, compared to total net losses of $8.2 million, or $1.15 per share, for the two quarters ended April 3, 2003.

Fiscal Year 2003 Compared to Fiscal Year 2002

At September 30, 2003, Uni-Marts operated 292 stores, which were comprised of 225 Uni-Mart convenience stores and 67 Choice Cigarette Discount Outlets ("Choice"). Of these locations, three were franchised and 237 offered self-service gasoline. Uni-Marts closed two convenience stores, and sold four convenience stores, one Choice store and one non-operating location in fiscal year 2003 as part of its divestiture plan.

In fiscal 2003, Uni-Marts announced plans to divest 130 stores and reclassified the assets relating to these stores as discontinued operations and reclassified the related debt of $34.4 million as current maturities. At September 30, 2003, Uni-Marts had 128 remaining stores classified as properties held for sale on its balance sheet with a net book value of $41.0 million. The income and expense relating to these stores is classified as discontinued operations. Uni-Marts intends to continue to operate these stores pending successful negotiation of their sale or sub-lease.

Continuing Operations

Revenues from continuing operations of 164 stores for fiscal year 2003 were $296.0 million, an increase of $34.0 million, or 13.0%, compared to revenues of $262.0 million in fiscal year 2002. This increase is primarily the result of a 31.7%, or 31.9 cent per gallon, increase in gasoline sales at continuing operations as a result of an increase in the average reported retail price per gallon of petroleum sold at Uni-Marts' locations in fiscal year 2003. The 31.9 cent per gallon price increase includes the effect of the change in Uni-Marts' payment method for Pennsylvania gasoline taxes of 25.9 cents per gallon that became effective in June 2003. As reported in Uni-Marts' Form 10-Q filed for the period ended July 3, 2003, in June 2003, Uni-Marts changed its payment method for gasoline taxes for its Pennsylvania stores and now includes the gasoline taxes in its average reported retail price per gallon and its cost of sales. This change in payment method has no effect on gross profits.

Gasoline sales in fiscal year 2003 were $154.1 million, compared to $117.0 million in fiscal year 2002, an increase of $37.1 million. The gasoline sales increase in fiscal year 2003 includes approximately $7.1 million for gasoline taxes for Uni-Marts' Pennsylvania stores reported in the fourth quarter of fiscal year 2003, which was not included in gasoline sales in fiscal year 2002.

In fiscal year 2003, merchandise sales were $140.5 million, a decline of $2.8 million, or 2.0%, compared to merchandise sales of $143.3 million in fiscal year 2002. At comparable stores, merchandise sales from continuing operations were relatively flat, while gasoline gallons sold from continuing operations increased by 1.0% from fiscal 2002 levels. Uni-Marts had seven fewer stores, two of which sold gasoline, in operation in fiscal year 2003 compared to fiscal year 2002, contributing to lower merchandise sales levels. Other income declined by 12.9% to $1.4 million, primarily as a result of a $100,000 decline in commission income and a $40,000 decline in interest, dividend, royalty and rental income. In addition, other income in fiscal year 2002 included a $50,000, one-time insurance settlement.

Gross profits on merchandise sales declined by $1.0 million, or 2.2%, to $42.3 million, compared to merchandise gross profits of $43.3 million for fiscal year 2002. Fewer stores in operation in fiscal year 2003 and a 0.7% lower merchandise gross profit rate related primarily to increased proportion of tobacco product sales at lower gross profit rates contributed to the decline in merchandise gross margins in fiscal year 2003 compared to fiscal year 2002. Increases in wholesale cigarette costs and tax increases on tobacco products have an adverse effect on consumer demand for such products. These factors impact our retail price of

cigarettes, sales volumes, merchandise gross profits and overall customer traffic. While Uni-Marts attempts to maintain its gross profit on tobacco products by passing these types of price increases on to its customers, competitive pressures in specific markets often prevent this. As a result, tobacco unit sales and gross profit on these procedures can be negatively impacted.

Gross profits on gasoline sales in fiscal year 2003 increased by $722,000, or 6.2%, to $12.5 million compared to gasoline gross profits of $11.7 million in fiscal year 2002. Gasoline gross margins increased primarily due to a 0.8% increase in gasoline gallons sold at Uni-Marts' locations in fiscal year 2003 compared to fiscal year 2002. While fewer gasoline locations were in operation for the comparable periods, gasoline gallons increased due to a full year's operation in fiscal 2003 of two high volume locations which were opened in fiscal year 2002.

Selling expenses increased by $500,000, or 1.4%, to $40.3 million, compared to $39.8 million in fiscal year 2002 due primarily to increases in credit card fees resulting from higher retail petroleum prices and the impact of two new high volume locations, offset by fewer stores in operation. General and administrative expenses declined by $400,000, or 5.1%, to $7.6 million from $8.0 million in fiscal year 2002, principally due to a $550,000 decline in salaries and related expenses. This reduction was principally due to fewer employees in 2003 as a result of improvements to Uni-Marts' information systems and the non-replacement of corporate personnel in an attempt to reduce general and administrative overhead. Additionally, general and administrative expenses were impacted by a $90,000 decline in advertising and supplies expenses, offset by a $260,000 increase in legal and audit fees resulting from Uni-Marts' divestiture plans and the adoption of a shareholder rights plan. Depreciation and amortization expense declined by $300,000, or 5.8%, to $4.4 million as the result of the adoption of Statement of Financial Accounting Standard No. 142 ("SFAS No. 142"), lower levels of capital expenditures and fewer stores in operation in fiscal year 2003. Lower borrowing levels and lower interest rates resulted in a $100,000, or 3.3%, decline in interest expense in fiscal year 2003 to $3.6 million from $3.7 million in the prior fiscal year.

Earnings from continuing operations in fiscal year 2003, before income taxes and change in accounting principle, were $217,000, compared to earnings from continuing operations, before income taxes and change in accounting principle, of $424,000 in fiscal year 2002. Uni-Marts recorded a provision for income taxes of $6,000, compared to an income tax provision of $179,000 in fiscal year 2002. Net earnings from continuing operations before a change in accounting principle were $211,000, or $0.03 per share, for fiscal year 2003, compared to net earnings from continuing operations before a change in accounting principle of $245,000, or $0.03 per share, for fiscal year 2002.

Discontinued Operations

The loss from discontinued operations for fiscal year 2003 was $2.3

million, compared to a loss of $2.7 million in fiscal year 2002. The decrease in loss from discontinued operations was primarily the result of a $1.0 million reduction in depreciation and amortization due to the discontinuance of depreciation on assets held for sale. The decrease in loss was also a result of lower interest expenses due to lower borrowing levels and interest rates and higher gasoline gross margins, offset by lower merchandise gross profits, increased credit card fees resulting from higher retail petroleum prices and higher levels of store maintenance. In fiscal year 2003, the loss on disposal of discontinued operations was $720,000 in comparison to no loss in fiscal year 2002. Uni-Marts recorded an income tax benefit of $88,000 for the loss on discontinued operations in fiscal year 2003, compared to an income tax benefit of $1.1 million for the prior fiscal year. The net loss from discontinued operations for fiscal year 2003 was $2.9 million, or $0.41 per share, compared to a net loss of $1.6 million, or $0.22 per share, in fiscal year 2002.

Other

The loss from change in accounting principle in fiscal year 2003 was a one-time, non-cash charge of $5.5 million, or $0.78 per share, due to the adoption of SFAS 142 and the write-off of Uni-Marts' goodwill.

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During fiscal year 2003, Uni-Marts increased its valuation allowance against the deferred tax asset because it was determined that it is more likely than not that Uni-Marts will not be able to fully utilize the net operating loss ("NOL") carryforward. This increase in the reserve has resulted in a 4.5% tax benefit in comparison to a 42.2% tax benefit in fiscal year 2002.

Total net losses for the fiscal year ended September 30, 2003 for continued and discontinued operations were $8.3 million, or $1.16 per share, compared to total net losses of $1.3 million, or $0.19 per share, in fiscal year 2002.

Fiscal Year 2002 Compared to Fiscal Year 2001

At September 30, 2002, Uni-Marts operated 299 stores, which were comprised of 231 Uni-Mart convenience stores and 68 Choice Cigarette Discount Outlets. Of these locations, four were franchised and 239 offered self-service gasoline. Uni-Marts had one less store in operation in fiscal year 2002 compared to fiscal year 2001.

Continuing Operations

Revenues from continuing operations of 169 stores in fiscal year 2002 were $262.0 million, a decline of $13.3 million, or 4.8%, compared to revenues of $275.3 million in fiscal year 2001. This decline is the net result of a $26.2 million decline in gasoline sales, offset by a $13.0 million increase in merchandise sales. Merchandise sales increased to $143.3 million, or 10.0%, from $130.3 million in fiscal year 2001. Higher comparable store sales levels, as well as contributions from higher retail cigarette prices in the fourth quarter of fiscal year 2002 contributed to the merchandise sales growth. Gasoline sales declined to $117.0 million, or 18.3%, from $143.2 million in fiscal year 2001, primarily due to a 19.9 cent per gallon decline in the average reported retail price per gallon of petroleum sold at Uni-Marts' locations. At comparable stores, merchandise sales from continuing operations increased by 7.6%, while gasoline gallons sold from continuing operations declined by 1.1% from fiscal year 2001 levels. Other income in fiscal year 2002 declined by $18,000 to $1.7 million.

Gross profits on merchandise sales increased by $1.4 million, or 3.5%, to $43.3 million in fiscal year 2002, compared to merchandise gross profit margins of $41.9 million in fiscal year 2001. Merchandise gross profits increased, despite a 1.9% decline in the merchandise gross profit rate for the comparable periods.

Gross profits on gasoline sales declined by $3.1 million, or 20.8%, to $11.7 million in fiscal year 2002 compared to $14.8 million in fiscal year 2001. A 2.7% decline in gasoline gallons sold and an 18.5% decline in gross profits per gallon sold contributed to the decline in gasoline gross margins in fiscal year 2002 compared to fiscal year 2001. Instability of the petroleum wholesale markets and increased retail competition resulted in lower gasoline gross profit margins in fiscal year 2002 when compared to fiscal year 2001.

Selling expenses declined by 0.3% to $39.8 million in fiscal year 2002, compared to $39.9 million in fiscal year 2001. General and administrative expense increased by $800,000, or 10.5%, to $8.0 million from $7.2 million in fiscal year 2001 due principally to increased legal, professional and audit fees. These increased fees relate primarily to changes in corporate governance and corporate securities adopted at the Annual Meeting of Stockholders in February 2002, as well as the hiring of financial advisors in April 2002 and higher audit fees. Higher salary levels also affected the general and administrative expense category. Depreciation and amortization expense declined in fiscal year 2002 to $4.7 million from $4.9 million due to lower levels of capital expenditures in fiscal year 2002. Lower borrowing levels and lower interest rates resulted in a $800,000, or 18.4%, decline in interest expense in fiscal year 2002 to $3.7 million from $4.5 million in the prior fiscal year. Uni-Marts recorded a $54,000 provision for asset impairment in fiscal year 2001.

Earnings from continuing operations in fiscal year 2002, before income taxes and change in accounting principle, were $424,000, compared to earnings from continuing operations, before income taxes and

change in accounting principle, of $1.6 million in fiscal year 2001. Uni-Marts recorded a provision for income taxes of $179,000 in fiscal year 2002, compared to an income tax provision of $651,000 in fiscal year 2001. Net earnings from continuing operations before a change in accounting principle were $245,000, or $0.03 per share, for fiscal year 2002, compared to net earnings from continuing operations before the change in accounting principle of $989,000, or $0.14 per share, for fiscal year 2001.

Discontinued Operations

The loss from discontinued operations for fiscal year 2002 was $2.7 million, compared to a loss of $892,000 in fiscal year 2001. This increase in loss from discontinued operations in fiscal year 2002 was primarily the result of lower gasoline gross profits, increased credit card fees resulting from higher retail petroleum prices and higher levels of store maintenance, offset by higher merchandise gross margins and reductions in depreciation and amortization and interest expenses. There was no loss on the disposal of discontinued operations for fiscal year 2002 and fiscal year 2001, respectively. Uni-Marts recorded an income tax benefit of $1.1 million for the loss on discontinued operations in fiscal year 2002, compared to an income tax benefit of $354,000 for the prior fiscal year. The net loss from discontinued operations for fiscal year 2002 was $1.6 million, or $0.22 per share, compared to a net loss of $538,000, or $0.08 per share, in fiscal year 2001.

Other

In 2002, Pennsylvania extended the net operating loss ("NOL") carryforward period from 10 to 20 years which resulted in a higher effective tax benefit for fiscal year 2002. This change resulted in a 42.2% tax benefit in fiscal year 2002 in comparison to a 39.7% tax benefit in fiscal year 2001.

Total net losses for the fiscal year ended September 30, 2002 for continued and discontinued operations were $1.3 million, or $0.19 per share, compared to total net earnings of $451,000, or $0.06 per share, in fiscal year 2001.

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SEASONALITY AND UNAUDITED QUARTERLY RESULTS

Uni-Marts' business generally has been subject to seasonal influences with higher sales in the third and fourth quarters of each fiscal year, since customers tend to purchase more convenience items, such as ice, beverages and fast food, and more gasoline during the warmer months. Due to adverse weather conditions, merchandise sales for the second fiscal quarter generally have been lower than other quarters. In addition, because of price volatility, gasoline profit margins fluctuate significantly throughout the year.

	THREE MONTHS ENDED					
	JAN.3, 2002	APRIL 4, 2002	JULY 4, 2002	SEPT. 30, 2002	JAN. 2, 2003	APRIL 3, 2003
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
REVENUES:						
Merchandise sales..........	$35,839	$32,159	$36,074	$39,243	$36,018	$32,012
Gasoline sales.............	27,474	24,779	32,418	32,336	35,131	35,361
Other income...............	386	415	411	446	417	336
Total revenues...........	63,699	57,353	68,903	72,025	71,566	67,709
Cost of sales...............	48,783	44,187	54,443	57,887	56,982	54,578
Gross profit................	14,916	13,166	14,460	14,138	14,584	13,131
COSTS AND EXPENSES:						
Selling....................	10,104	9,781	9,945	9,981	10,375	9,847
General & administrative...	1,902	2,141	2,122	1,861	1,901	1,985
Depreciation & amortization............	1,194	1,166	1,174	1,175	1,120	1,099
Interest...................	1,025	837	916	932	927	889
Earnings (loss) from continuing operations before income taxes and change in accounting principle.................	691	(759)	303	189	261	(689)
Income tax provision (benefit)..................	234	(258)	104	99	17	(36)
Earnings (loss) from continuing operations before change in accounting principle.................	457	(501)	199	90	244	(653)
DISCONTINUED OPERATIONS:						
(Loss) earnings from discontinued operations....	(524)	(986)	(503)	(690)	(708)	(1,464)
(Loss) earnings on disposal of discontinued operations................	0	0	0	0	0	(248)

Income tax (benefit) provision	(177)	(348)	(159)	(457)	(41)	(90)
(Loss) earnings on discontinued operations	(347)	(638)	(344)	(233)	(667)	(1,622)
Cumulative effect of change in accounting principle, net of income tax benefit	0	0	0	0	(5,547)	0
Net earnings (loss)	$ 110	$(1,139)	$ (145)	$ (143)	$(5,970)	$(2,275)
EARNINGS (LOSS) PER SHARE:						
Earnings (loss) per share from continuing operations before change in accounting principle	$ 0.07	$ (0.07)	$ 0.03	$ 0.00	$ 0.03	$ (0.08)
(Loss) earnings per share from discontinued operations	(0.05)	(0.09)	(0.05)	(0.03)	(0.09)	(0.23)
Loss per share from change in accounting principle	0.00	0.00	0.00	0.00	(0.78)	0.00
Net earnings (loss) per share	$ 0.02	$ (0.16)	$ (0.02)	$ (0.03)	$ (0.84)	$ (0.31)
Weighted average number of common shares outstanding	7,189	7,095	7,112	7,119	7,131	7,155

	THREE MONTHS ENDED			
	JULY 3, 2003	SEPT. 30, 2003	JAN. 1, 2004	APRIL 1, 2004
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
REVENUES:				
Merchandise sales	$36,223	$36,218	$36,262	$34,202
Gasoline sales	38,741	44,843	44,741	45,008
Other income	341	351	310	540
Total revenues	75,305	81,412	81,313	79,750
Cost of sales	61,239	66,968	66,750	66,335
Gross profit	14,066	14,444	14,563	13,415
COSTS AND EXPENSES:				
Selling	9,995	10,146	10,022	10,131
General & administrative	1,787	1,948	2,197	2,231
Depreciation & amortization	1,149	1,067	1,082	1,079
Interest	824	949	889	869
Earnings (loss) from continuing operations before income taxes and change in accounting principle	311	334	373	(895)
Income tax provision (benefit)	60	(35)	1	1

Earnings (loss) from continuing operations before change in accounting principle	251	369	372	(896)
DISCONTINUED OPERATIONS:				
(Loss) earnings from discontinued operations	(685)	546	337	(456)
(Loss) earnings on disposal of discontinued operations	(472)	0	--	0
Income tax (benefit) provision	21	22	0	0
(Loss) earnings on discontinued operations	(1,178)	524	337	(456)
Cumulative effect of change in accounting principle, net of income tax benefit	0	0	0	0
Net earnings (loss)	$ (927)	$ 893	$ 709	$(1,352)
EARNINGS (LOSS) PER SHARE:				
Earnings (loss) per share from continuing operations before change in accounting principle	$ 0.03	$ 0.05	$ 0.05	$ (0.13)
(Loss) earnings per share from discontinued operations	(0.16)	0.07	0.05	(0.06)
Loss per share from change in accounting principle	0.00	0.00	0.00	0.00
Net earnings (loss) per share	$ (0.13)	$ 0.12	$ 0.10	$ (0.19)
Weighted average number of common shares outstanding	7,186	7,191	7,196	7,204

LIQUIDITY AND CAPITAL RESOURCES

Most of Uni-Marts' sales are for cash and its inventory turns over rapidly. From time to time, Uni-Marts utilizes portions of its cash to acquire and construct new stores and renovate existing locations.

As of April 1, 2003, Uni-Marts amended its revolving credit agreement (the "Agreement") to extend the maturity date to December 31, 2004 and revise covenants relating to interest and fixed-charge coverage ratios. As part of the amendment to the Agreement, at April 30, 2004 the total credit line available for borrowings was reduced to $12.0 million, reflecting not only the elimination of the seasonal borrowing increase of $2.0 million, but also an additional $1.0 million reduction in anticipation of reduced borrowing requirements that would result from store divestitures expected to be completed by that time. As of September 30, 2003, Uni-Marts entered into an agreement with its revolving credit lender to provide a $4.0 million sub-limit under its existing revolving credit agreement as discussed in Footnotes D and E to the Condensed Consolidated Financial Statements for the second fiscal quarter ended April 1, 2004. At April 1, 2004, $5.8 million was available for borrowing under this Agreement for general working capital and prepayment of debt. In addition, Uni-Marts' liquid fuels tax bond expired in the third fiscal quarter of 2003. Due to the expiration of the bond, Uni-Marts pays the liquid fuels tax on purchases directly to the vendors within its normal payment terms. Uni-Marts utilizes its working capital credit facility to mitigate the cash flow impact of the liquid fuels tax bond expiration.

Capital requirements for debt service and capital leases for the remainder of fiscal year 2004 are approximately $39.2 million, which includes $32.7 million related to Uni-Marts' divestiture plan and $5.7 million in revolving credit that have been classified as current. Uni-Marts anticipates capital expenditures for the remainder of fiscal year 2004 of $1.1 million, funded from cash flows from operations. These capital expenditures include normal replacement of store equipment and gasoline-dispensing equipment and upgrading of Uni-Marts' in-store and corporate data processing systems.

Management believes that cash from operations, available credit facilities and asset sales will be sufficient to meet Uni-Marts' obligations for the foreseeable future. In the event that the proposed merger with Green Valley is not consummated and Uni-Marts is otherwise unable to consummate the divestiture of certain store locations on acceptable terms, there is a risk that Uni-Marts could encounter liquidity problems.

Assuming the current level of cash flow and available credit facilities, Uni-Marts would be able to maintain sufficient liquidity to meet its obligations without any asset sales. However, in the event that Uni-Marts' future financial performance does not meet minimum lender targets, covenant violations may result and cause the restriction, modifications or loss of the current revolving credit facility. Uni-Marts would then need to amend the current credit facility, obtain a new credit facility from another lender, or rely more heavily on asset sales in order to maintain liquidity.

CONTRACTUAL OBLIGATIONS

Below is a summarized list of Uni-Marts' contractual obligations relating to long-term debt, capitalized leases, noncancelable operating leases and gasoline supply agreements at April 1, 2004 (in thousands):

	TWO QUARTERS ENDING SEPT. 30, 2004	2005	2006	2007	2008	THEREAFTER
Contractual Obligations:						
Long-term debt (including interest)............	$ 44,538	$ 4,451	$ 4,465	$ 4,480	$ 4,494	$ 29,710
Capitalized leases (including interest)............	66	31	31	31	21	0
Operating leases........	2,863	4,646	3,530	3,356	2,298	5,977
Gasoline supply agreements(1).........	80,598	138,647	114,682	110,424	93,401	89,665

$128,065	$147,775	$122,708	$118,291	$100,214	$125,352

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(1) Uni-Marts has agreements with four gasoline suppliers with terms ranging from 6 to 15 years. These agreements obligate Uni-Marts to purchase specified quantities of gasoline at market prices from the various suppliers over the life of the contracts. On an annualized basis, the minimum required purchases under these agreements total approximately 96.5 million gallons. The estimated minimum purchase obligations reflected in the table above are calculated based on the gallon purchase requirements remaining under the contracts at a current market price of $1.67 per gallon. Although Uni-Marts did not meet the minimum purchase requirements in fiscal year 2003, Uni-Marts does not expect any material change to its obligations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of Uni-Marts' financial condition and results of operations are based upon its condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Uni-Marts to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, Uni-Marts evaluates its estimates, including those related to self-insured liabilities, impairment of long-lived assets and income taxes. Uni-Marts bases its estimates on historical experience, current and anticipated business conditions, the condition of the financial markets, and various other assumptions that are believed to be reasonable under existing conditions. Actual results may differ from these estimates.

Uni-Marts believes that the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

Self-insurance liabilities -- Uni-Marts records estimates for self-insured worker's compensation and general liability insurance coverage. Should a greater amount of claims occur compared to what was estimated, or costs increase beyond what was anticipated, reserves recorded may not be sufficient, and additional expense may be recorded.

Impairment -- Uni-Marts evaluates long-lived assets, including stores, for impairment quarterly, or whenever events or changes in circumstances indicate that the assets may not be recoverable. The impairment is measured by calculating the estimated future cash flows expected to be generated by the store, and comparing this amount to the carrying value of the store's assets. Cash flows are calculated utilizing individual store forecasts and total company projections for the remaining estimated lease lives of the stores being analyzed. Should actual results differ from those forecasted and projected, Uni-Marts may be subject to future impairment charges related to these facilities.

During the first quarter of fiscal year 2003, Uni-Marts adopted Statement of Financial Accounting Standards ("SFAS") Nos. 142 and 144. SFAS No. 142 requires that assets with indefinite lives not be amortized but tested annually for impairment and provides specific guidance for such testing. SFAS No. 144

provides additional guidance for impairment testing and determination of when an asset is considered to be for sale. Uni-Marts completed its impairment test during the second quarter of fiscal 2003 and the adoption of SFAS No. 142 resulted in the write-off of goodwill in the amount of approximately $5.9 million. Furthermore, in accordance with SFAS No. 144, Uni-Marts reclassified assets totaling $40.9 million as part of its divestiture plan to sell or sublet 130 stores as assets held for sale in the third quarter of fiscal year 2003. At April 1, 2004 Uni-Marts had reclassified as assets held for sale $40.8 million relating to 122 remaining stores that Uni-Marts plans to sell or sublet, reclassified the related debt totaling $32.7 million as current maturities, and classified the income and expense of such stores as discontinued operations. During fiscal year 2003, Uni-Marts recognized a $654,000 loss relating to the future disposal of certain locations.

Income taxes -- Uni-Marts currently has NOL's that can be utilized to offset future income for federal and state tax purposes. These NOL's generate a significant deferred tax asset. However, Uni-Marts has recorded a valuation allowance against this deferred tax asset as it has determined that it is more likely than not that it will not be able to fully utilize the NOL's. Should Uni-Marts' assumptions regarding the utilization of these NOL's change, it may reduce some or all of this valuation allowance, which would result in the recording of an income tax benefit.

IMPACT OF INFLATION

Uni-Marts believes that inflation has not had a material effect on its results of operations in recent years. Generally, increases in Uni-Marts' cost of merchandise can be quickly reflected in higher prices of goods sold. However, any upward movement of gasoline costs may have short-term negative effects on profit margins, since Uni-Marts' ability to raise gasoline prices can be limited due to competition from other self-service gasoline outlets. In addition, fluctuation of gasoline prices can limit the ability of Uni-Marts to maintain stable gross margins.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Uni-Marts uses its revolving credit facility and its mortgage and equipment loans to finance a significant portion of its operations. These on-balance sheet financial instruments, to the extent they provide for variable rates of interest, expose Uni-Marts to interest rate risk resulting from changes in the LIBOR or prime rate.

To the extent that Uni-Marts' financial instruments expose Uni-Marts to interest rate risk, they are presented in the table below. The table presents principal cash flows and related interest rates by year of maturity for Uni-Marts' revolving credit facility, mortgage loans and equipment loans at April 1, 2004.

The carrying amounts of cash and short-term debt approximate fair value. Uni-Marts estimates the fair value of its long-term, fixed-rate debt generally using discounted cash flow analysis based on Uni-Marts' current borrowing rates for debt with similar maturities. Uni-Marts estimates the fair value of its long-term, variable-rate debt based on carrying amounts plus unamortized loan fees associated with the debt.

TOTAL D

	2004	2005	2006	2007	2008	THEREAFTER	AT MATUR
INTEREST-RATE SENSITIVE ASSETS:							
Noninterest-bearing checking accounts.......	$ 2,326	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,32
Interest-bearing checking accounts...............	$ 984	$ 0	$ 0	$ 0	$ 0	$ 0	$ 98
Average interest rate.....	0.90%						0.9
Total.................	$ 3,310	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,31
Total average interest rate...............	0.27%						0.2
INTEREST-RATE SENSITIVE LIABILITIES:							
Variable rate borrowings..............	$22,114	$1,088	$1,144	$1,204	$1,265	$10,216	$37,03
Average interest rate.....	4.82%	4.87%	4.87%	4.87%	4.87%	4.87%	4.8
Fixed-rate borrowings.....	$17,102	$ 721	$ 798	$ 881	$ 973	$17,389	$37,86
Average interest rate.....	9.34%	9.23%	9.23%	9.24%	9.24%	9.24%	9.2
Total..................	$39,216	$1,809	$1,942	$2,085	$2,238	$27,605	$74,89
Total average interest rate..................	7.11%	7.40%	7.45%	7.50%	7.56%	7.63%	7.4

BUSINESS OF GREEN VALLEY

Green Valley is a Pennsylvania limited liability company formed in January 2004. Green Valley was organized solely for the purpose of acquiring Uni-Marts and will, after the merger, continue Uni-Marts' operations. As a result of the merger, Uni-Marts' separate existence will cease and Green Valley shall succeed to all of Uni-Marts' rights and obligations and will continue as the surviving company. Green Valley has not conducted any significant activities other than those incident to its formation, its execution of the merger agreement and the related documents. Green Valley currently has no material assets or liabilities, other than its $400,000 cash deposit to Uni-Marts, its other rights and obligations under the merger agreement and the related documents and its rights to capital contribution from its two members. Green Valley has not generated any revenues or material expenses (other than those associated with the merger).

Set forth below is information regarding each of the principal beneficial owners of Tri-Color and KOTA Holdings (which are, in turn, the sole members of Green Valley), and the other Green Valley Managers, including name, telephone number, business address at which such employment is conducted and the material occupations and positions held by such persons during the past five years. Unless otherwise indicated, the business address for each of the following individuals is 477 East Beaver Avenue, State College, PA 16801-5690 and their telephone number is (814) 234-6000.

- Henry D. Sahakian, a principal beneficial owner of Tri-Color and a Green Valley Manager, is the founder of Uni-Marts and has served as Chairman of the Board and Chief Executive Officer since Uni-Marts' inception. Mr. Sahakian is the brother of Daniel D. Sahakian and the father-in-law of Ara M. Kervandjian.

- Daniel D. Sahakian, a principal beneficial owner of Tri-Color, has served as a Director of Uni-Marts since 1981. He also has served for the past 23 years as President and Chief Executive Officer of HFL Corporation, a commercial real estate company. Mr. Sahakian served as President of Unico Corporation from 1988 through 2002 when Unico merged with HFL Corporation. Mr. Sahakian is the brother of Henry D. Sahakian.

- Ara M. Kervandjian, a principal beneficial owner of Tri-Color and a Green Valley Manager, joined Uni-Marts in October 2001 as Executive Vice President of Strategy and Corporate Development and became the President of Uni-Marts in April 2003. From 2000 to 2001, he served as Senior Vice President of Conestoga Enterprises, Inc., a regional telecommunications firm based in

Birdsboro, Pennsylvania. From 1995 to 2000, he was President and Chief Executive Officer of TeleBeam Incorporated, a telecommunications firm located in State College, Pennsylvania. Mr. Kervandjian is the son-in-law of Henry D. Sahakian.

- Alex Sahakian, a Green Valley Manager, has served as President of Tsunami Communications, a telecommunications company located at 403 East Beaver Avenue, State College, Pennsylvania, phone number (814) 238-3500, since founding the company in January 2000. Mr. Sahakian is the son of Daniel D. Sahakian. From 1998 to January 2000, Alex Sahakian served as Vice President of Development for HFL Corporation.

- Raj J. Vakharia, a principal beneficial owner of KOTA Holdings and a Green Valley Manager, is the Managing Member of Reliance Properties, LLC, a real estate firm specializing in commercial and residential development. Mr. Vakharia began his career in December 1977 at the investment banking firm of Donaldson, Lufkin, & Jenrette ("DLJ") in New York City. While at DLJ, Mr. Vakharia was the Managing Director of the firm's real estate division. In June 2000, Mr. Vakharia was named Managing Director of real estate for the investment banking firm of Credit Suisse First Boston upon its merger with DLJ. In January 2002, Mr. Vakharia assumed the position of Assistant State Treasurer for the State of New Jersey. Mr. Vakharia held this position until June 2003, after which he formed Reliance Properties.

- Paul A. Levinsohn, Esq., a principal beneficial owner of KOTA Holdings and a Green Valley Manager, is the Managing Member of Harrelson, LLC, a firm specializing in commercial real estate development and corporate acquisitions. From 1995 to 1997, he was a law clerk to Judge Anne E. Thompson, U.S. District Court for the District of New Jersey. From 1998 to 2000, Mr. Levinsohn was an attorney at the law firm of Wilentz, Goldman, & Spitzer in Woodbridge, New Jersey. From 2000 to 2001, Mr. Levinsohn served as the President of The Montrose Team, a commercial real estate firm based in Old Bridge, New Jersey. In January 2002, Mr. Levinsohn assumed the position of Counsel for the State of New Jersey. Mr. Levinsohn held this position until January 2003, and he formed Harrelson, LLC in March 2003.

- Jaime L. Broderick, a Green Valley Manager, is a member of Harrelson, LLC, a firm specializing in commercial real estate development and corporate acquisitions. From 1997 to 1999, Ms. Broderick was a paralegal in the real estate department of the law firm of Sluka & Northgrave in Jersey City, New Jersey. From February 1999 to August 2000, she served as a Compliance Officer on the Bill Bradley for President campaign. In September 2000, Ms. Broderick became Executive Assistant to Mr. Levinsohn. Ms. Broderick held this position until March 2003, when she joined Harrelson, LLC.

Each of the foregoing persons is a citizen of the United States of America. During the past five years, none of the foregoing persons had been (i) convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) a party to any judicial or administrative proceeding that resulted in a judgment, decree or final order enjoining such person from future violations of, or prohibiting activities subject to, securities laws or a finding of any violation of such laws.

Set forth below is information regarding Tri-Color, HFL, KOTA Holdings and KOTA Management (which are the entities through which the foregoing beneficial owners will invest in Green Valley). The business address for Tri-Color and HFL is 477 East Beaver Avenue, State College, PA 16801-5690 and their telephone number is (814) 234-6000. The business address for KOTA Holdings and KOTA Management is 51 Midwood Way, Colonia, NJ 07067, and their telephone number is (732) 225-2710.

- Tri-Color is a Pennsylvania limited liability company. Tri-Color was organized specifically for the purpose of investing in Green Valley. Tri-Color has not carried on any activities to date other than those incident to its formation.

- HFL is a Pennsylvania corporation. HFL is engaged in the business of real estate investment.

- KOTA Holdings is a Delaware limited liability company. KOTA Holdings was organized specifically for the purpose of investing in Green Valley. KOTA Holdings has not carried on any activities to date other than those incident to its formation.

- KOTA Management is a Delaware limited liability company. KOTA Management was organized specifically for the purpose of investing in KOTA Holdings. KOTA Management has not carried on any activities to date other than those incident to its formation.

During the last five years, none of the foregoing entities has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

MARKET PRICE AND DIVIDENDS ON COMMON STOCK

Uni-Marts' common stock, $.10 par value per share, is listed on the American Stock Exchange under the symbol "UNI." The transfer agent and registrar for shares of Uni-Marts' common stock is Mellon Investor Services LLC, Ridgefield Park, New Jersey. As of April 30, 2004, Uni-Marts had 7,208,725 shares of common stock outstanding.

Set forth below is a table which shows the high and low sale prices as reflected on the American Stock Exchange and dividends paid on common stock for each quarter in the two most recent fiscal years.

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURT QUART

2004				
Cash Dividends per share	$0.00	$0.00	n.a.	n.a
Price Range				
High	$1.94	$3.00	n.a.	n.a
Low	$1.41	$1.40	n.a.	n.a
2003				
Cash Dividends per share	$0.00	$0.00	$0.00	$0.0
Price Range				
High	$1.50	$1.40	$2.26	$1.9
Low	$1.07	$0.98	$1.15	$1.3
2002				
Cash Dividends per share	$0.00	$0.00	$0.00	$0.0
Price Range				
High	$3.10	$3.20	$3.10	$2.6
Low	$1.90	$1.59	$2.40	$1.1

In April 1997, Uni-Marts' Board of Directors elected to suspend the quarterly dividends on its common stock. There can be no assurance of future dividends because they are dependent not only on future earnings, but also on Uni-Marts' capital requirements, loan covenants and financial condition. Certain of Uni-Marts' debt agreements contain covenants that restrict the payment of dividends without the lender's prior consent or require the maintenance of minimum net worth levels.

Uni-Marts has not made an underwritten public offering of its common stock during the past three years.

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BENEFICIAL OWNERSHIP

PRINCIPAL STOCKHOLDERS

The following table sets forth, as of April 30, 2004, except as otherwise noted, information with respect to the beneficial ownership of Uni-Marts' common stock by (i) each person known by Uni-Marts to own 5% or more of the outstanding shares of common stock, (ii) each of Uni-Marts' Directors and named executive officers, (iii) all of Uni-Marts' Directors and executive officers as a group, and (iv) each person deemed to be a controlling person of Green Valley. As of such date, there were 7,208,725 shares of common stock outstanding.

NAME AND ADDRESS OF BENEFICIAL OWNER (2)	ISSUED AND OUTSTANDING SHARES		OPTION SHARES(1)
	SHARES	%	SHARES
Affiliated Stockholders:			
Henry D. Sahakian	1,177,207(3)	16.3%	133,000
Daniel D. Sahakian	1,428,483(4)	19.8%	35,000
Ara M. Kervandjian	59,309(5)	0.8%	112,500
Affiliated Stockholders as a group:	2,115,249(3)(4)(5)	29.3%	280,500

Other Directors and Executive Officers:			
Herbert C. Graves....................	29,660(6)	0.4%	24,000
Stephen B. Krumholz..................	16,335	0.2%	24,000
Jack G. Najarian.....................	13,715	0.2%	19,000
Frank R. Orloski, Sr.................	19,510	0.3%	15,000
Anthony S. Regensburg................	13,715	0.2%	19,000
Gerold C. Shea.......................	17,160	0.2%	24,000
Stuart W. Sivak......................	0(7)	0.0%	96,583
N. Gregory Petrick...................	130(8)	0.0%	73,500
Other Directors and Executive Officers as a Group:............	110,225(10)	1.5%	295,083
All Directors and Executive Officers as a Group (11 persons)................	2,225,474(11)	30.9%	575,583
Other Members of Green Valley Group:			
Raj Vakharia.........................	160,560	2.2%	--
Paul Levinsohn.......................	160,560	2.2%	--
Alex Sahakian........................	211,750	2.9%	--
Jaime Broderick......................	0	0.0%	--
Green Valley, et al................... 477 E. Beaver Ave State College, PA 16801-5690	3,304,559	45.8%	280,500
Linda Ordoukhanian, et al............. 1580 Massachusetts Avenue, #6D, Cambridge, MA 02138	838,468	11.6%	--
HFL Corporation....................... 477 East Beaver Avenue State College, PA 16801-5690	549,750	7.6%	--
Dimensional Fund Advisors, Inc......... 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	398,000	5.5%	--

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* Indicates less than 1.0%.

(1) Includes options to purchase common stock granted pursuant to Uni-Marts' Equity Compensation Plan and 1996 Equity Compensation Plan that are exercisable on or before June 29, 2004 ("Option Shares"). Except as otherwise noted, the beneficial owner has sole voting and dispositive power.

(2) Except as otherwise noted, the address of each beneficial owner is: in care of Uni-Marts at 477 East Beaver Avenue, State College, PA 16801.

(3) Includes 35,500 shares owned by Henry D. Sahakian's wife, 92,400 shares owned jointly with his wife, 549,750 shares held by HFL Corporation, 5,000 shares held in his Individual Retirement

Account, and 5,000 shares held as custodian for his grandchildren. Excludes 1,921,846 shares beneficially owned by other members of the group referred to in Note (9) and approximately 71,179 shares held in the Uni-Marts' 401(k) Plan as of April 1, 2004.

(4) Includes 322,325 shares held by Daniel D. Sahakian's wife, 549,750 shares held by HFL Corporation, 137,815 shares held as a trustee for two trusts, and 6,050 shares held jointly with his wife. Excludes 1,841,076 shares beneficially owned by other members of the group referred to in Note (9).

(5) Includes 26,711 shares held by Kervandjian Family Limited Partnership over which Mr. Kervandjian and his wife share voting and dispositive power, and 25,798 shares owned jointly with his wife. Excludes 3,132,750 shares beneficially owned by other members of the group referred to in Note (9).

(6) Includes 15,000 shares held by the Graves Family Partnership.

(7) Excludes approximately 3,681 shares held in the Uni-Marts' 401(k) Plan as of April 1, 2004.

(8) Excludes 342,798 shares held in the Uni-Marts' 401(k) Plan as of April 1, 2004. Mr. Petrick is trustee of the 401(k) Plan and disclaims beneficial ownership of all but approximately 6,273 shares held in the 401(k) Plan.

(9) According to a Schedule 13D filed on Feb. 5, 2004, as amended March 24, 2004, Green Valley, the Tri-Color Members (Henry D. Sahakian, Daniel D. Sahakian, Ara M. Kervandjian, Alex D. Sahakian, Armen D. Sahakian, Frederick I. Sahakian, Heddy L. Kervandjian, HFL Corporation, Lara Sahakian, Ludmila Sahakian, and Seda Sahakian) and KOTA Management reported having formed a "group" as that term is used in Section 13(d)(3) of the Exchange Act, and that each of these individuals and KOTA Management had granted a proxy to vote the shares of Uni-Marts' common stock over which they have voting power in favor of the merger agreement. Consequently, both the group and Green Valley may be deemed to be the beneficial owner of an aggregate of 3,585,059 shares of Uni-Marts' common stock (including 280,500 Options Shares) beneficially owned by members of the group.

(10) Excludes 342,798 shares held in the Uni-Marts' 401(k) Plan.

(11) Excludes 342,798 shares held in the Uni-Marts' 401(k) Plan, and 1,189,310 shares beneficially owned by members of the group referred to in Note (9) other than Messrs. Henry and Daniel Sahakian or Kervandjian.

(12) The beneficial owner is a Green Valley Manager and a principal beneficial owner of Green Valley.

(13) The address of the beneficial owner is: in care of Green Valley at 477 East Beaver Avenue, State College, PA 16801.

(14) The beneficial owner is a Green Valley Manager.

(15) Includes 160,560 shares held by KOTA Management.

(16) According to Amendment No. 1 to Schedule 13D filed on February 12, 2002, (the most recent amendment) Armineh Ordoukhanian Petrossian, Elsa Ordoukhanian, Linda Ordoukhanian and Nancy Ordoukhanian reported having formed a "group" as that term is used in Section 13(d)(3) of the Exchange Act and that each of Armineh Ordoukhanian Petrossian, Elsa Ordoukhanian and Nancy Ordoukhanian had granted a proxy to vote the shares of Uni-Marts' common stock owned by them to Linda Ordoukhanian. By their terms, the proxies expired on or about February 8, 2003. The reporting persons, however, have not filed a further amendment to the Schedule 13D, so they may continue to constitute a group. According to the most recent amendment, the aggregate number of shares beneficially owned by the group and Linda Ordoukhanian was 838,468 at December 31, 2001.

(17) Voting control of these shares has been delegated by the Board of HFL Corporation to Daniel D. Sahakian. Investment control of these shares is held by the Board of HFL. Messrs. Henry and Daniel Sahakian, Ara Kervandjian, Armen D. Sahakian, Frederick I. Sahakian and Alex D. Sahakian comprise the Board of Directors of HFL.

(18) Based on information contained in an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 6, 2004. Dimensional Fund Advisors, Inc. is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and may be deemed to be the

"beneficial owner" in the aggregate of 398,000 shares of Uni-Marts' common stock as of December 31, 2003. Dimensional Fund Advisors, however, disclaims beneficial ownership of such shares.

RECENT PURCHASES

On March 4, 2004, HFL Corporation, a company controlled by Messrs. Henry and Daniel Sahakian, purchased 30,010 shares of Uni-Marts' common stock from a member of the Sahakian's family. The purchase price of each share was $2.25, which is equal to the consideration to be paid upon consummation of the merger.

On March 19, 2004, HP Limited Partnership (an entity related to Jim Haseotes, who is discussed under "SPECIAL FACTORS -- Background of the Merger") and its affiliate, Pilgrim Farms Dairy, Inc., entered into an agreement pursuant to which HP and its affiliates sold all of the shares of Uni-Marts' common stock owned by them as of that date (401,400 shares) at a price of $2.25 per share to HFL Corporation (240,840 shares) and KOTA Management (160,560 shares). This transaction was initiated by the actions of HP Limited Partnership.

Mr. Henry Sahakian participates in Uni-Marts' 401(k) Plan. Pursuant to the Plan, employee contributions are matched by Uni-Marts with shares of Uni-Marts' common stock. During the period commencing April 1, 2004 through the date of this proxy statement, Mr. Sahakian has accrued a benefit of $384.69 that will be funded at June 30, 2004 by the issuance of shares of Uni-Marts' common stock at a price per share equal to the closing price of Uni-Marts common stock on June 30, 2004. Other than Uni-Marts' matching contributions, employees, including Mr. Sahakian, are not permitted to make or hold any investment in Uni-Marts' stock through the Plan.

LEGAL PROCEEDINGS

Between January 28, 2004 and January 30, 2004, three lawsuits were filed on behalf of stockholders of Uni-Marts in Delaware Chancery Court against Uni-Marts, the members of the Board of Directors and, in two actions, against Green Valley, in connection with the proposed merger between Uni-Marts and Green Valley. The three lawsuits have now been consolidated into one action.

The relevant complaint alleges that, among other things, Messrs. Henry and Daniel Sahakian have a conflict of interest with respect to the merger, all Uni-Marts' Directors have breached their fiduciary duties in approving and structuring the merger, and the price to be paid to the stockholders is grossly unfair and inadequate. The plaintiffs seek class action certification, an injunction prohibiting Uni-Marts from completing the merger, rescission of the merger if it is consummated or the award of recessionary damages, compensatory damages, and an award of attorneys' fees and costs of the lawsuit.

The parties to the consolidated actions have executed a Memorandum of Understanding that reflects an agreement in principle to settle the actions, subject to the negotiation of a definitive stipulation of settlement, due notice to Uni-Marts' current and former stockholders who are members of the plaintiff class and approval by the Delaware Court of Chancery. This agreement in principle is based on enhanced disclosures regarding the merger, all of which are included in this proxy statement. The Memorandum of Understanding also includes the defendants' agreement to pay the plaintiffs' attorneys fees, costs and expenses up to $325,000, subject to approval by the Delaware Court of Chancery.

Uni-Marts' management believes these suits are without merit, and, if the settlement contemplated by the Memorandum of Understanding is not approved by the Delaware Court of Chancery, intends to vigorously defend the litigation. These or similar lawsuits may jeopardize the merger, since their existence could result in the failure of one or more conditions precedent to Green Valley's obligation to conclude the merger and thus permit Green Valley to terminate the merger agreement and abandon the merger should it desire to do so.

INCORPORATION BY REFERENCE

The SEC requires Uni-Marts to "incorporate by reference" information into this proxy statement, which means that Uni-Marts discloses important information by referring stockholders to another document filed separately with the SEC. The following documents are incorporated by reference in this proxy statement and are deemed to be a part hereof:

- Annual Report on Form 10-K for the year ended September 30, 2003, as amended by Form 10-K/A filed on January 27, 2004, Form 10-K/A filed May 28, 2004, and Form 10-K/A filed on June 4, 2004;

- Quarterly Report on Form 10-Q for the period ended January 1, 2004, as amended by Form 10-Q/A filed on May 28, 2004, and Form 10-Q/A filed on June 4, 2004;

- Current Report on Form 8-K filed on January 27, 2004, as amended by Form 8-K/A filed on February 4, 2004;

- Current Report on Form 8-K filed on March 5, 2004; and

- Quarterly Report on Form 10-Q for the period ended April 1, 2004, as amended by Form 10-Q/A filed on May 28, 2004, and Form 10-Q/A filed on June 4, 2004.

OTHER AVAILABLE INFORMATION

Uni-Marts is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is required to file periodic reports, proxy statements and other information with the SEC relating to our business, financial condition and other matters. Information as of particular dates concerning Uni-Marts' Directors and officers, their remuneration, stock options granted to them, the principal holders of Uni-Marts' common stock and any material interest of such persons in transactions with Uni-Marts is required to be disclosed in proxy statements distributed to our stockholders and filed with the SEC. Such reports, proxy statements and other information, as well as the Schedule 13E-3 referred to in the following paragraph should be available for inspection at the public reference facilities maintained by the SEC at 450 5th Street, N.W., Room 1200, Washington, D.C. 20549 (File no. 001-11556). Copies of such materials may also be obtained by mail, upon payment of the SEC's customary fees, by writing to its principal office at 450 5th Street, N.W., Washington, D.C. 20549. Some of this information filed by Uni-Marts may also be accessed on the Internet through the website of the SEC at www.sec.gov.

Because the merger is a "going-private" transaction, Uni-Marts, Green Valley and the Affiliated Stockholders have filed with the SEC a Rule 13E-3 Transaction Statement on Schedule 13E-3 under the Exchange Act with respect to the merger. This proxy statement does not contain all of the information set forth in the Schedule 13E-3 and exhibits to the Schedule 13E-3, certain parts of which are omitted, as permitted in accordance with the rules and regulations of the SEC, including a copy of materials prepared by Boenning & Scattergood as to the fairness of the consideration to be received in the merger, and filed as an exhibit to the Schedule 13E-3. Descriptions contained herein concerning any documents are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Schedule 13E-3.

Except as otherwise required by law, neither Uni-Marts, Green Valley, nor the Green Valley Managers have made any provision granting to Public Stockholders access to the corporate files of any of the foregoing persons or to obtain counsel or appraisal services at the expense of any of the foregoing persons. Copies of the Schedule 13E-3 and the exhibits thereto are available for inspection and copying at Uni-Marts' principal executive offices during regular business hours by any of our interested stockholders, or a representative who has been so designated in writing, and may be inspected and copied, or obtained by mail, by written request directed to Uni-Marts.

If the merger is consummated, Uni-Marts will seek to cause the shares of common stock to be de-listed from trading on the American Stock Exchange and to terminate the registration of the common stock under the Exchange Act, which will relieve Uni-Marts of any obligation to file reports and forms, such as an Annual Report on Form 10-K, with the SEC under the Exchange Act.

STOCKHOLDER PROPOSALS

The 2004 annual meeting of the stockholders of Uni-Marts will be held only if the merger is not consummated. If the merger is not consummated, Uni-Marts will schedule an annual meeting. The date of such meeting will be announced by press release and filing of a Current Report on Form 8-K. Such announcement will include appropriate information regarding procedures for stockholder proposals for inclusion in Uni-Marts' proxy materials and the deadline for such submissions. In addition, such announcement will also include appropriate information regarding the deadline for notice to Uni-Marts by stockholders who intend to present proposals at the annual meeting and not intending to have such proposals included in the proxy statement.

OTHER MATTERS

The Board of Directors does not intend to bring before the special meeting for action any matters other than those specifically referred to in this proxy statement and is not aware of any other matters that are proposed to be presented by others. If any other matters or motions should properly come before the special meeting, the persons named in the proxy intend to vote thereon in accordance with their judgment on such matters or motions, including any matters or motions dealing with the conduct of the special meeting.

No person is authorized to give any information or to make any representation with respect to the matters described in this proxy statement other than those contained herein. Any information or representations with respect to such matters not contained herein or therein must not be relied upon as having been authorized by us. The delivery of this proxy statement shall not under any circumstances create any implication that there has been no change in our affairs since the date hereof or that the information in this proxy statement is correct as of any time subsequent to the date hereof.

By Order of the Board of Directors,

/s/ Mary Ann Miller

MARY ANN MILLER
Secretary

State College, Pennsylvania
June 4, 2004

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Uni-Marts, Inc.
State College, Pennsylvania

We have audited the accompanying consolidated balance sheets of Uni-Marts, Inc. and subsidiaries (the "Company") as of September 30, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended September 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Uni-Marts, Inc. and subsidiaries as of September 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A to the consolidated financial statements, in fiscal year 2003 the Company changed its method of accounting for intangible and other assets to conform to Statement of Financial Accounting Standards No. 142.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Philadelphia, Pennsylvania
December 16, 2003

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UNI-MARTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	SEPTEMBER 30,	
	2003	2002
ASSETS		
Current Assets:		
Cash	$ 6,619	$ 6,501
Accounts receivable -- less allowances of $100 and $46	6,186	8,404
Inventories	20,167	20,779
Prepaid and current deferred taxes	57	1,494
Property and equipment held for sale	41,024	1,098
Prepaid expenses and other	1,317	1,137
Total Current Assets	75,370	39,413
Net Property, Equipment and Improvements	51,083	98,037
Loan Due from Officer	0	360
Intangible Assets	385	6,235
Other Assets	1,123	1,100
Total Assets	$127,961	$145,145
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 19,056	$ 17,811
Gas taxes payable	45	3,460
Accrued expenses	7,425	7,207
Revolving credit	5,705	5,867
Current maturities of long-term debt	36,934	3,212

Current obligations under capital leases	122	113
Total Current Liabilities	69,287	37,670
Long-Term Debt, less current maturities	34,358	71,912
Obligations Under Capital Leases, less current maturities	92	214
Deferred Taxes	0	1,797
Deferred Revenue and Other Liabilities	4,101	5,235
Commitments and Contingencies		
Stockholders' Equity:		
Preferred Stock, par value $1.00 a share: Authorized 100,000 shares; issued none	0	0
Common Stock, par value $.10 a share: Authorized 16,000,000 shares; issued 7,453,883 and 7,420,859 shares, respectively	745	742
Additional paid-in capital	23,709	23,803
Retained (deficit) earnings	(2,618)	5,661
	21,836	30,206
Less treasury stock, at cost -- 258,110 and 291,429 shares of Common Stock, respectively	(1,713)	(1,889)
Total Stockholders' Equity	20,123	28,317
Total Liabilities and Stockholders' Equity	$127,961	$145,145

See notes to consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED SEPTEMBER 30,		
	2003	2002	2001
REVENUES:			
Merchandise sales	$140,471	$143,315	$130,341
Gasoline sales	154,076	117,007	143,257
Other income	1,445	1,658	1,676
	295,992	261,980	275,274
COSTS AND EXPENSES:			
Cost of sales	239,767	205,300	216,953
Selling	40,363	39,811	39,931
General and administrative	7,621	8,026	7,264
Depreciation and amortization	4,435	4,709	4,884
Interest	3,589	3,710	4,548
Provision for asset impairment	0	0	54
	295,775	261,556	273,634

Earnings from continuing operations before income taxes and change in accounting principle	217	424	1,640
Income tax provision	6	179	651
Earnings from continuing operations before change in accounting principle	211	245	989
Discontinued operations:			
Loss from discontinued operations	(2,311)	(2,703)	(892)
Loss on disposal of discontinued operations	(720)	0	0
Income tax benefit	(88)	(1,141)	(354)
Loss from discontinued operations	(2,943)	(1,562)	(538)
Cumulative effect of change in accounting principle, net of income tax benefit of $310	(5,547)	0	0
Net (loss) earnings	$ (8,279)	$ (1,317)	$ 451
Earnings (loss) per share:			
Earnings per share from continuing operations before change in accounting principle	$ 0.03	$ 0.03	$ 0.14
Loss per share from discontinued operations	(0.41)	(0.22)	(0.08)
Loss per share from change in accounting principle	(0.78)	0.00	0.00
Net (loss) earnings per share	$ (1.16)	$ (0.19)	$ 0.06
Diluted (loss) earnings per share	$ (1.16)	$ (0.19)	$ 0.06
Weighted average number of common shares outstanding	7,165	7,099	7,053
Weighted average number of common shares outstanding assuming dilution	7,165	7,099	7,093

See notes to consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	COMMON STOCK AUTHORIZED 16,000,000 SHARES		ADDITIONAL PAID-IN CAPITAL	RETAINED (DEFICIT) EARNINGS	TREASURY STOC	
	SHARES	AMOUNT			SHARES	AMOU
BALANCE -- OCTOBER 1, 2000	7,361,123	$736	$23,816	$ 6,527	333,714	$(2,
Issuance of common stock	26,960	3	17		(10,439)	
Net earnings				451		
BALANCE -- SEPTEMBER 30, 2001	7,388,083	739	23,833	6,978	323,275	(2,
Issuance of common stock	32,776	3	(30)		(31,846)	
Net loss				(1,317)		

BALANCE -- SEPTEMBER 30, 2002	7,420,859	742	23,803	5,661	291,429	(1,
Issuance of common stock	33,024	3	(94)		(33,319)	
Net loss				(8,279)		
BALANCE -- SEPTEMBER 30, 2003	7,453,883	$745	$23,709	$(2,618)	258,110	$(1,

See notes to consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEAR ENDED SEPTEMBER 30,		
	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and others	$ 296,999	$ 262,871	$ 271,407
Cash paid to suppliers and employees	(289,100)	(252,920)	(271,213)
Dividends and interest received	30	45	77
Interest paid (net of capitalized interest of $0, $287 and $32)	(3,193)	(3,620)	(4,278)
Income taxes received (paid)	32	21	(152)
Other receipts -- discontinued operations	203	845	4,682
Net Cash Provided by Operating Activities	4,971	7,242	523
CASH FLOWS FROM INVESTING ACTIVITIES:			
Receipts from sale of capital assets	29	559	394
Receipts from sale of discontinued operations	1,530	0	0
Purchase of property, equipment and improvements	(2,137)	(2,868)	(10,402)
Note receivable from officer	360	60	60
Cash advanced for intangible and other assets	(305)	(177)	(207)
Cash received for intangible and other assets	30	69	66
Net Cash Used in Investing Activities	(493)	(2,357)	(10,089)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Payments) borrowings on revolving credit agreement	(162)	109	4,615
Additional long-term borrowings	0	0	5,197
Principal payments on debt	(4,201)	(3,599)	(3,065)
Proceeds from issuance of common stock	3	31	12
Net Cash (Used in) Provided by Financing Activities	(4,360)	(3,459)	6,759
Net Increase (Decrease) in Cash	118	1,426	(2,807)
Cash at Beginning of Year	6,501	5,075	7,882
Cash at End of Year	$ 6,619	$ 6,501	$ 5,075

RECONCILIATION OF NET (LOSS) EARNINGS TO NET CASH PROVIDED

BY OPERATING ACTIVITIES:			
Net (Loss) Earnings	$ (8,279)	$ (1,317)	$ 451
Loss from discontinued operations, net of income tax benefit of $88, $1,141 and $354, respectively	(2,223)	(1,562)	(538)
Loss on disposal of discontinued operations	(720)	0	0
(Loss) Earnings from Continuing Operations	(5,336)	245	989
ADJUSTMENTS TO RECONCILE NET (LOSS) EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation and amortization	4,435	4,709	4,884
Loss on sale of capital assets and other	518	354	405
Provision for asset impairment	0	0	54
Cumulative effect of change in accounting principle	5,547	0	0
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	2,138	(1,046)	(1,050)
Inventories	692	(2,388)	(2,235)
Prepaid expenses and other	(178)	2,248	(2,334)
Increase (decrease) in:			
Accounts payable and accrued expenses	(1,951)	2,058	(2,201)
Deferred income taxes and other liabilities	(1,184)	(924)	(707)
Net Cash Provided by (Used in) Continuing Operations	4,681	5,256	(2,195)
Net Cash Provided by Discontinued Operations	290	1,986	2,718
Net Cash Provided by Operating Activities	$ 4,971	$ 7,242	$ 523

See notes to consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2003, 2002 AND 2001

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company is an independent operator of convenience stores and discount tobacco stores located in Pennsylvania, New York, Delaware, Maryland and Virginia.

(1) Principles of Consolidation -- The consolidated financial statements include the accounts of Uni-Marts, Inc. and its wholly-owned subsidiaries (the "Company"). All material intercompany balances and transactions have been eliminated.

(2) Reclassifications -- Certain prior year balances have been classified to conform to the current year presentation.

(3) Future Operations -- The Company continues to evaluate existing stores based on their historical contribution. The Company will consider closing underperforming stores or investing in facility upgrades to enhance their performance. The Company retained financial advisors in fiscal year 2002 to evaluate operating strategies which included the potential divestiture of certain store locations and non-operating assets. As a result of its analysis with its financial advisors, the Company intends to continue with its divestiture strategy.

Management believes that cash from operations, available credit facilities and asset sales will be sufficient to meet the Company's obligations for the foreseeable future. In the event that the Company is unable to consummate its divestiture strategy, there is a risk that the Company will not be able to meet future cash obligations.

(4) Inventories -- The Company values its merchandise inventories at the lower of cost (first-in, first-out method) or market, as determined by the retail inventory method. Gasoline inventories are valued at the lower of cost (first-in, first-out method) or market (See Footnote B).

(5) Property, Equipment and Improvements -- Depreciation and amortization are calculated using the straight-line method over the useful lives of the related assets. Amortization of improvements to leased properties is based on the remaining terms of the leases or the estimated useful lives of such improvements, whichever is shorter. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

(6) Asset Impairment -- Long-lived assets and certain identifiable intangibles are reviewed f