



**FOR IMMEDIATE RELEASE**

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**BI-LO FILES VOLUNTARY CHAPTER 11 PETITION TO ADDRESS  
UPCOMING DEBT MATURITY WHILE CONTINUING OPERATIONS AS  
NORMAL**

*Company Has Commitment for \$100 Million in Financing  
BI-LO is Committed to Continue Providing  
High-Quality Products and Services to its Customers*

**GREENVILLE, S.C.(March 23, 2009)** – BI-LO, LLC and certain affiliates (the “Company”) today announced that it has filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, District of South Carolina (the “Court”). The Company intends to use the Court-supervised process to address an upcoming debt maturity. BI-LO expects to reach mutually acceptable resolutions with all of its constituencies and to exit bankruptcy as expeditiously as possible. BI-LO stores will remain open and operations will continue without interruption.

“On an operational level, we are making significant progress this year and we have seen solid sales momentum and strong cash flow,” said Michael Byars, President and Chief Executive Officer of BI-LO. “Our strong operations and liquidity position continue to demonstrate the strength of our business model, and the company has continuously satisfied all of its obligations to date, under the term loan and otherwise. In a normal credit environment we would have expected to refinance the maturing term loan on reasonable terms in the ordinary course of business. Unfortunately, the current credit environment is very challenging. After extensive discussions with our lenders and careful consideration of all available alternatives, we determined that in order to maintain business operations and customer service without interruption while we address this debt maturity, a Court-supervised restructuring is appropriate. We intend to move through this process as quickly as possible, and we firmly believe that this course of action will better position BI-LO for continued growth and long-term success.”

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“Throughout this process, our doors will remain open and our commitment to our customers will not change. Our customers have made BI-LO an important part of their busy lives and they can continue to expect the same fresh products, low prices and great service. We have a strong foundation already in place and with the talent, dedication and professionalism of our loyal Teammates, we expect to emerge from this restructuring as a stronger, more competitive company. As a result, BI-LO will be well-positioned to continue building on the commitment we have made to our customers and the communities we serve,” said Mr. Byars.

During this period, the Company intends to fund operations primarily through its cash on hand and cash generated from operations. To further strengthen its liquidity position, BI-LO has received a commitment for a \$100 million debtor-in-possession (DIP) facility arranged by GE Capital. Upon Court approval, the financing will be used to support the Company’s operational cash flow to meet its normal business obligations.

In conjunction with today’s filing, BI-LO will seek the Court’s approval of a number of customary “first day” motions designed to support its Teammates, customers and suppliers during the reorganization process. As part of these motions, the Company has asked the Court for permission to continue paying Teammate wages and salaries and to provide employee benefits without interruption. Additionally, one of BI-LO’s highest priorities is to ensure the restructuring process does not impact its customers. BI-LO expects its customer policies and programs, including its BONUSCARD® and associated promotions, returns/exchanges and other special promotions, to continue without interruption. Finally, during the restructuring process, supplier and business partners should expect to be paid for post-filing goods sold and services rendered to the Company in the ordinary course of business.

For access to Court documents and other general information about the Chapter 11 case, please visit [www.kccllc.com/BI-LO](http://www.kccllc.com/BI-LO).

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BI-LO has retained William Blair & Co. as financial advisor and Alix Partners for restructuring services. Vinson & Elkins, LLP and Nelson, Mullins, Riley & Scarborough, LLP serve as legal counsel in connection with these restructuring efforts.

**About BI-LO**

*Headquartered in Mauldin, S.C., BI-LO operates 215 supermarkets in South Carolina, North Carolina, Georgia and Tennessee and employs approximately 15,500 people.*

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