



April 3, 2009

Dear Supplier:

Last week I updated you on some initial progress from our restructuring, announcing Court approval of several key “first day” motions that allow BI-LO’s operations to continue uninterrupted through the restructuring process.

I also explained that based on our solid sales momentum and strong cash flow, we were in the fortunate position to select from several different debtor-in-possession (DIP) financing proposals. After spending the last week evaluating several proposals from multiple lenders, we have reached an interim agreement with GE Capital that provides BI-LO with more liquidity on better overall terms than originally proposed.

We continue to have significant operational momentum, including another strong performance this week, and intend to fund operations primarily through our cash on hand and cash generated from operations. This interim DIP facility from GE strengthens our financial position and enables us to follow through on our commitment to our suppliers, customers and employees. We value the partnership we have developed and with your ongoing support, BI-LO will continue to offer customers the same top quality brands and high quality fresh foods, all at a great value.

As always, if you have additional questions, please feel free to contact your normal BI-LO representative. You may also refer to our website www.BI-LO.com or call the toll-free Restructuring Information line we have set up at 866-967-0268. You can also find regular updates on the case at www.kccllc.net/BI-LO.

Sincerely,

A handwritten signature in black ink that reads "Michael D. Byars".

Michael Byars
President, Chief Executive Officer