

## **Food City to Buy 8 Tennessee Bi-Lo Stores**

*FEBRUARY 21, 2006 -- ABINGDON, Va. --* K-VA-T Food Stores, Inc., parent company of regional chain Food City, said Friday it is buying eight Bi-Lo locations in Knoxville, Oak Ridge, and Maryville, Tenn., a move that will increase its market share in Knox County to around 30 percent.

Food City said it anticipates repositioning and consolidating units within the market area and hiring the vast majority of Bi-Lo's store associates. The company plans to invest several million dollars in capital improvements into the market as part of this process.

"We are very excited to have been presented with an opportunity to acquire such prime locations within our existing market area," said Steven C. Smith, Food City president and c.e.o., in a statement. "We plan to complete the conversion process as quickly as possible with the least interruption to the normal flow of business."

Food City recently celebrated the opening of its new 43,600-square-foot, state-of-the-art supermarket on Middlebrook Pike in Knoxville. The company is preparing for several additional locations, including the February opening of a 46,000-square-foot unit on Kingston Pike, followed by a 48,000-square-foot store on Millertown Pike mid-summer and a 43,500-square-foot facility on Western Avenue in the fall.

Smith said that Food City will add to the variety and selection of the acquired Bi-Lo stores. The revamped facilities will include a bakery/deli with a hot food bar and sit-down café; a floral boutique, staffed with a professional floral designer; meat and seafood departments; expanded grocery; frozen food; produce; and health & beauty care departments.

Company officials said they hope to finalize the acquisition by mid-March. Food City currently operates 28 locations in Knoxville and the surrounding counties.

Food City operates 92 retail food outlets throughout the tri-state regions of southeast Kentucky, southwest Virginia and northeast Tennessee.