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# Food Lion aims for Bi-Lo

## Jobs likely to be offered to grocer's workers

By David Dykes - The Greenville News

Bi-Lo said Monday it has tentatively agreed to sell a substantial majority of the food retailer's assets to the Belgian operator of the Food Lion supermarket chain.

Officials of Mauldin-based Bi-Lo and the Delhaize Group of Brussels said they had signed a nonbinding letter of intent with a purchase price of \$425 million. Delhaize said it would integrate Bi-Lo's assets into its wholly owned Food Lion subsidiary.

Officials couldn't say Monday what the potential deal would mean for Bi-Lo and Food Lion stores along the Grand Strand.

"It's too early to speculate on possible outcomes," said Christy Phillips-Brown, a spokeswoman for Food Lion. "Since both companies are in discussions, we don't have any additional information to share at this time."

A spokeswoman for Bi-Lo said that it is too soon to talk about the effect the deal would have on stores along the Grand Strand and that the letter of intent submitted to court is nonbinding.

"All options for Bi-Lo remain under consideration, and we believe it is important to carefully review our options and determine the most appropriate course of action in the context of the Chapter 11 process," said Michael Byars, the president and chief executive of Bi-Lo, in a statement.

That means the future remains uncertain for Bi-Lo's 15,500 employees, and thousands of shoppers who use the company's 214 stores in South Carolina, North Carolina, Georgia and Tennessee.

In court filings, Delhaize said it would expect to offer jobs to many of Bi-Lo's employees, but it wouldn't guarantee jobs to all of them.

Delhaize also said in the filings it didn't anticipate offering jobs to any of Bi-Lo's corporate employees, but said they "would be welcome" to apply for available office positions at Food Lion's headquarters in Salisbury, N.C.

It was unclear late Monday how that would affect Bi-Lo's headquarters in Mauldin. Bi-Lo is owned by Dallas-based Lone Star Funds, a private equity firm.

Byars said Bi-Lo signed the letter of intent with Delhaize, subject to certain conditions, "indicating Delhaize's interest in acquiring a substantial majority of Bi-Lo's assets for \$425 million."

Delhaize said its offer included "associated inventory," but it didn't specify how many stores would be acquired. The company said the Bi-Lo assets to be included in the transaction realized more than \$2 billion in sales in 2008.

Rick Anicetti, executive vice president of Delhaize Group and Food Lion's CEO, said in a statement his company believes "our markets and service philosophy are complementary and we look forward to continuing our discussions with Bi-Lo."

He said the nonbinding offer is subject to approval of a bankruptcy judge.

In court filings, Bi-Lo's unsecured creditors say they have a separate plan for the company that calls for restructuring Bi-Lo's capital makeup to, among other things, reduce its debt and amend its relationship with its largest supplier, C&S Wholesale Grocers.

The creditors' committee said its goal is "the emergence of viable, reorganized company, with a de-levered balance sheet and sufficient liquidity, that will continue to employ 15,000 people, purchase goods from its 3,500 vendors and provide landlords with a continuing tenant."

Food Lion LLC operates approximately 1,300 supermarkets, either directly or through affiliated entities, under the names of Food Lion, Bloom, Bottom Dollar, Harveys and Reid's.

The company has 74,000 employees in 11 Southeastern and Mid-Atlantic states, including 7,700 workers in South Carolina.

Marianne Bickle, department chair of retailing for the College of Hospitality, Retail and Sport Management at the University of South Carolina, said while it's uncertain if any Bi-Lo locations will be closed, a combination with Food Lion could benefit consumers.

It could mean Food Lion would strengthen Bi-Lo's operations, cut costs with larger economies of scale and pass on the savings to shoppers, she said.

In addition, consumers might not have fewer store choices since Food Lion could open more locations, she said.

"A lot of companies and people, consumers, think that when one company, a retailer, folds - whether they go out of business, whether they file for bankruptcy, whether they simply sell to another company - that's really bad news," Bickle said.

"And in reality, that's not a bad thing."

Staff writer Adva Saldinger contributed to this report.