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FOR IMMEDIATE RELEASE

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## **Southeastern Grocers Initiates Financial Restructuring with Support of Key Stakeholders**

*582 of Company's Iconic, Heritage Banners to Continue Operating in the Ordinary Course;  
Company Dedicated to Associates and Serving Customers and Communities*

*2014 Revolving Credit Facility and Senior Secured Notes due February 2019 to be Fully  
Refinanced*

*All Senior PIK Toggle Notes due September 2018 to Convert to Equity*

*Exit Financing Already Fully Committed*

*All General Unsecured Claims, Including Supplier Partners and Trade Creditors, to be Paid  
in Full in Ordinary Course*

*Company Will Voluntarily File Pre-Packaged (Pre-Pack) Chapter 11 Cases to  
Efficiently Execute Restructuring*

**JACKSONVILLE, Fla. (March 15, 2018)** – Southeastern Grocers (“SEG” or “the Company”) today announced that it has entered into a Restructuring Support Agreement (“RSA”) with a group of creditors collectively holding 80% of its 8.625%/9.375% Senior PIK Toggle Notes (“Unsecured Notes”) due September 2018 and its private equity sponsor regarding the terms of a comprehensive financial restructuring that will position the Company for long-term financial health. SEG will continue operating throughout this process, and the Company’s associates remain focused on exceeding the needs of customers and consistently delivering great service, quality and value in SEG’s stores.

Anthony Hucker, President and Chief Executive Officer of SEG, said, “The agreement we announced today is an important step in Southeastern Grocers’ transformation to put our company in the best position to succeed in the extremely competitive retail market in which we do business. With a foundation built on iconic, heritage banners, and with the strong support of our leadership team, we



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will work through this process as quickly and efficiently as possible. We are excited to emerge with the optimal store footprint and greater financial flexibility to invest in Southeastern Grocers' growth."

Consummating the transactions contemplated under the RSA is expected to significantly strengthen the Company's balance sheet. The restructuring will decrease overall debt levels by over \$500 million and maintain the Company's strong liquidity position under the new post-emergence Revolving Credit Facility. The significant reduction in debt will result in reduced interest expense, allowing the Company to invest more cash flow back into the business in the form of increased capital expenditures for store remodels and new stores.

Mr. Hucker continued, "Southeastern Grocers is faced with a critical milestone in its transformation and we have made choices for our future and long-term growth potential. We conducted a thorough review of our strategic options and determined that this financial restructuring is in the best interests of our associates, customers, supplier partners and the communities in which we serve. Southeastern Grocers is a strong, viable business and is building momentum with robust performance and new store concepts that resonate with our associates, customers and communities. This course of action enables us to continue writing the story for our company and our iconic, heritage banners in the Southeast."

Under the terms of the proposed restructuring:

- The Company's outstanding secured debt obligations, including its Secured Notes and the 2014 Revolving Credit Facility, will be paid in full.
- The Company has secured 100% committed exit financing in the form of a senior secured six-year term loan facility in the original principal amount of \$525 million and an asset-based lending (ABL) revolving credit facility.
- The Unsecured Notes will be cancelled in exchange for 100% of equity in the reorganized Company.
- Holders of general unsecured claims, including supplier partners, contract counterparties, and all other trade creditors will receive payment in full on account of existing obligations in the ordinary course of business.
- The holder of the Company's existing equity will receive a five-year warrant (subject to dilution) and certain global settlement consideration.
- 582 stores will continue to operate throughout the Company's footprint. 94 stores will close, many of which will have their related leases rejected and lease rejection claims rendered unimpaired. A full list of stores closing is available at [www.segrocers.com/restructuring](http://www.segrocers.com/restructuring).

The Company plans to implement the terms of the proposed financial restructuring by soliciting votes from holders of its Unsecured Notes and holders of its existing equity on a pre-packaged plan of reorganization and commencing voluntary cases under chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware by the end of March.

With a deleveraged balance sheet and an optimal store base, the Company will be able to focus its resources on stores with the greatest potential for growth and improve the financial health of the overall business.

Mr. Hucker remarked, "We expect our financial health and free cash flow to improve in the newly reorganized company, and although the restructuring contemplates certain store closings, SEG is committed to ensuring that all associates continue to be treated with the utmost dignity, respect and compassion. We will continue every day to provide our associates with a great place to work and our customers with a store experience they can count on. On behalf of the Southeastern Grocers leadership team, I want to thank our many talented associates for their dedication and loyalty in serving our customers and community day in and day out."

Additional information about the Company's restructuring efforts is available at [www.segrocers.com/restructuring](http://www.segrocers.com/restructuring).

### **Advisors**

Weil, Gotshal & Manges LLP is serving as legal counsel, Evercore is serving as investment banker, and FTI Consulting Inc. is serving as restructuring advisor to Southeastern Grocers.

Morrison & Foerster LLP is serving as legal counsel and Moelis & Company LLC is serving as financial advisor to an ad hoc group of holders of Unsecured Notes and 9.25% Senior Secured Notes due 2019.

### **About Southeastern Grocers**

Southeastern Grocers, LLC, (SEG) parent company and home of BI-LO, Fresco y Más, Harveys Supermarket and Winn-Dixie grocery stores, is one of the largest conventional supermarket companies in the U.S. SEG grocery stores, liquor stores and in-store pharmacies serve communities throughout the seven southeastern states of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina and South Carolina. BI-LO, Fresco y Más, Harveys Supermarket and Winn-Dixie are well-known and well-respected regional brands with deep heritages, strong neighborhood ties, proud histories of giving back, talented and caring associates and strong commitments to providing the best possible quality and value to customers. For more information, visit [www.bi-lo.com](http://www.bi-lo.com), [www.frescoymas.com](http://www.frescoymas.com), [www.harveyssupermarkets.com](http://www.harveyssupermarkets.com) and [www.winndixie.com](http://www.winndixie.com).

### **Cautionary Statements Regarding Forward-Looking Information**

Certain statements in this press release constitute forward-looking statements. Such statements are not historical fact and are forward-looking statements. Certain of these forward-looking statements can be identified by the use of words such as "believes," "anticipates," "expects," "intends," "plans," "projects," "estimates," "assumes," "may," "should," "could," "would," "shall," "will," "seeks," "targets," "future," or other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and our actual results, performance or achievements could differ materially from results, performance or achievements expressed in these forward-looking statements. Such statements include, but are not limited to, statements relating to the court-supervised restructuring process, descriptions of management's strategy, plans, objectives, expectations, or intentions, including the ability to support the company's operations during the restructuring process and descriptions of assumptions underlying any of the above matters and other statements that are not historical fact.

The above factors, risks and uncertainties are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond the Company's control. New factors, risks and uncertainties emerge from time to time, and it is not possible for management to predict all such factors, risks and uncertainties. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the results or conditions described in such statements or the Company's objectives and plans will be achieved. These forward-looking statements speak only as of the date such statements were made or any earlier date indicated, and the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in underlying assumptions or otherwise. If the Company were in any particular instance to update or correct a forward-looking statement, investors and others should not conclude that the Company would make additional updates or corrections thereafter.

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