UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	:	**Chapter 11**
SOUTHEASTERN GROCERS, LLC, *et al.*	:	**Case No. 18– ________ ( )**
Debtors.[1]	:	**(Joint Administration Requested)**

MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING POSTPETITION USE OF CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES, (III) MODIFYING THE AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING, AND (V) GRANTING RELATED RELIEF

Southeastern Grocers, LLC ("**SEG**") and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the "**Debtors**"), respectfully represent as follows in support of this motion (the "**Motion**"):

Relief Requested

1. Pursuant to sections 105, 361, 362, 363, 364, and 507 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 4001–2 of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Southeastern Grocers, LLC (5190); ARP Ballentine LLC (6936); ARP Chickamauga LLC (9515); ARP Hartsville LLC (7906); ARP James Island LLC (9163); ARP Moonville LLC (0930); ARP Morganton LLC (4010); ARP Winston Salem LLC (2540); BI-LO Finance Corp. (0498); BI-LO Holding Finance, Inc. (9227); BI-LO Holding Finance, LLC (1412); BI-LO Holding, LLC (5611); BI-LO, LLC (0130); Dixie Spirits Florida, LLC (6727); Dixie Spirits, Inc. (2359); Opal Holdings, LLC (2667); Samson Merger Sub, LLC (4402); Winn-Dixie Logistics, LLC (2949); Winn-Dixie Montgomery Leasing, LLC (6899); Winn-Dixie Montgomery, LLC (2119); Winn-Dixie Properties, LLC (7105); Winn-Dixie Raleigh Leasing, LLC (6812); Winn-Dixie Raleigh, LLC (0665); Winn-Dixie Stores, Inc. (4290); Winn-Dixie Stores Leasing, LLC (7019); Winn-Dixie Supermarkets, Inc. (8837); and Winn-Dixie Warehouse Leasing, LLC (6709). The Debtors' mailing address is 8928 Prominence Parkway, #200, Jacksonville, Florida 32256.

the District of Delaware (the "**Local Rules**"), the Debtors request entry of an order, in the form attached hereto as **Exhibit A** (the "**Interim Order**")[2]:

(i) granting authority for the Debtors to use the Prepetition Collateral, including Cash Collateral, in accordance with the Interim Order and the Budget;

(ii) granting authority for the Debtors to provide, as of the Petition Date, adequate protection to the Prepetition Secured Parties with respect to any diminution in value of the interests of the Prepetition Secured Parties that may result from use of the Prepetition Collateral, including (a) Adequate Protection Liens in the form of replacement liens and additional liens, (b) Adequate Protection Superpriority Claims, (c) payment of professional fees and expenses, (d) payment of interest and other fees pursuant to the Existing Agreements, including at the default rate solely with respect to interest and letter of credit fees on the Prepetition ABL Obligations, (e) loan repayments and/or cash collateralization of letters of credit under the ABL Credit Agreement if the Borrowing Base with certain adjustments is less than $75,000,000, in the amount of any such deficiency, and (f) cash payments in an amount equal to the Treasury Exposure;

(iii) granting authority for the Debtors to maintain and, to the extent subject to auto-renewal, renew existing letters of credit issued or deemed issued under the ABL Credit Agreement;

(iv) modifying the automatic stay imposed under section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the Interim Order;

(v) providing for, subject to entry of the Final Order (i) except to the extent of the Carve-Out, the waiver by the Debtors of any right to surcharge against or recover from the Prepetition Secured Parties, the Adequate Protection Collateral, or the Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code, and (ii) the waiver of the "equities of the case" exception under section 552(b) of the Bankruptcy Code with respect to the Prepetition Secured Parties, the proceeds of any Prepetition Collateral, and the extension of the Adequate Protection Liens to the proceeds of the Prepetition Collateral;

[2] Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Interim Order or, the extent not defined therein, in the Prepackaged Plan or the Carney Declaration (each, as defined below). The Debtors will make the ABL Credit Agreement, the Secured Notes Indenture, the Prepetition Intercreditor Agreement, and the Prepetition ABL Security Agreement (each, as defined below) available on the website of the Debtors' proposed claims and noticing agent, https://cases.primeclerk.com/SEG.

(vi) granting authority for the Debtors to (i) enter into the Cash Management Letter Agreement, which provides for the continuation of the Treasury Bank's cash management services, (ii) incur postpetition secured indebtedness to the Treasury Bank in exchange for ACH advances, and (iii) grant liens and superpriority administrative expense claims to the Treasury Bank in connection with the Treasury Exposure;

(vii) scheduling of a hearing to consider the relief requested herein on a final basis;

(viii) waiving any applicable stay (including under Bankruptcy Rule 6004) and providing for immediate effectiveness of the Interim Order and Final Order; and

(ix) granting related relief.

Bankruptcy Rule 4001 and Local Rule 4001–2 Concise Statements

2. Pursuant to Bankruptcy Rules 4001(b) and (d) and Local Rule 4001-2(a), the Debtors submit the following concise statement of the material terms of the Interim Order.[3]

Summary of Material Terms		Location
Parties with an Interest in Cash Collateral Bankruptcy Rule 4001(b)(1)(B)(i)	The ABL Secured Parties, the Notes Secured Parties, and the Treasury Bank (each as defined below and in Paragraph F(iii)(a) of the Interim Order and, collectively, the "**Prepetition Secured Parties**").	¶ F(iii)(a)
Purposes for Use of Cash Collateral Bankruptcy Rule 4001(b)(1)(B)(ii)	In accordance with the terms and conditions set forth in the Interim Order, including the Budget (as defined below and in Paragraph 2 of the Interim Order) (subject to any Permitted Variance), through and including the Termination Date (as defined below and in Paragraph 15 of the Interim Order), the Debtors are authorized to use Cash Collateral for (i) working capital, (ii) other general purposes of the Debtors, (iii) the satisfaction of the costs and expenses of administering the Cases, including, without limitation, payment of any prepetition obligations that are necessary to preserve the value of the estates to the extent approved by the Court, and (v) Adequate Protection Payments (as defined below and in Paragraph 3(e) of the Interim Order), and for no other purpose.	¶ J, 2
Budget Bankruptcy Rule 4001(b)(1)(B)(ii)	A 13-week budget (the "**Budget**") setting forth the Debtors' projected cash receipts and disbursements on a consolidated basis for the period commencing on the Petition Date is attached as **Exhibit A** to the Interim Order. The Budget is subject	¶ 2, 4

[3] Any summary of the terms of the Interim Order contained in this Motion is qualified in its entirety by reference to the provisions of the Interim Order. To the extent there is a conflict between the Motion and the Interim Order, the Interim Order shall control. The Debtors reserve the right to supplement the Bankruptcy Rule 4001 and Local Rule 4001–2 statements made herein.

Summary of Material Terms		Location
	to Permitted Variances as set forth in Paragraph 4(c) of the Interim Order.	
Termination Events Bankruptcy Rule 4001(b)(1)(B)(iii), Local Rule 4001-2(a)(ii)	The Debtors' right to use Cash Collateral pursuant to the Interim Order automatically terminates (the date of any such termination, the "**Termination Date**") without further notice or court proceeding on the earlier to occur of any of the events set forth below (unless waived in writing by the ABL Agent, the Secured Notes Agent, and the Treasury Bank) (each such event, a "**Termination Event**"), subject in certain instances, to notice requirements: 1. the date that is one hundred fifty (150) calendar days from the Petition Date; 2. the date that is thirty-five (35) calendar days following the date of entry of the Interim Order if the Final Order, in form and substance acceptable to the ABL Agent, the Secured Notes Agent, and, solely insofar as such order relates to the Treasury Services or Treasury Exposure, the Treasury Bank, has not been entered by the Court on or prior to such date; 3. the Interim Order (unless replaced by the Final Order, in which case, the Final Order) ceases to be in full force and effect for any reason; 4. the termination of that certain Restructuring Support Agreement, dated as of March 15, 2018 by and between, among others, the Debtors and certain consenting creditors; 5. (A) the termination of (i) the C&S Supply Agreement (as in effect on the Petition Date) or (ii) the Chapter 11 Extended Credit Terms (as defined in the C&S Supply Agreement), provided that, in each case (i) and (ii), notice shall be delivered to the ABL Agent, the Secured Notes Agent, the Requisite Noteholders, and the Treasury Bank, or (B) the Chapter 11 Extended Credit Terms shall not be in effect within five (5) business days of the Petition Date; 6. the Restructuring Support Agreement or the Plan shall have been modified or amended in a manner that is materially inconsistent with the terms of the Interim Order or the Final Order, as applicable, and adverse to the interests of (i) the ABL Agent and the other ABL Secured Parties, (ii) the Secured Notes Agent and the other Notes Secured Parties, or (iii) the Treasury Bank; 7. the Court shall not have entered the Confirmation Order (as defined in the Prepackaged Plan) by the date that is one hundred (100) calendar days from the Petition Date; 8. the failure of the Debtors to make any Adequate Protection Payments to the Prepetition Secured Parties as and when due, and such failure to comply shall continue unremedied for more than one (1) business day; 9. the failure of the Debtors to comply in any material respect with a provision of the Interim Order or the Final Order (as applicable), including the Budget (subject to any Permitted Variance); 10. at any time, the result of the following shall be less than or equal to $0: (w) the Borrowing Base (as defined in Paragraph 3(e)(III) of the Interim Order, the	¶ 15, 16

Summary of Material Terms		Location
	"**Borrowing Base**") (based on the most recently delivered Cash Collateral Borrowing Base Certificate) less (x) the Aggregate Exposure (as defined in the ABL Credit Agreement) less (y) the sum of (i) the Post-Carve-Out Notice Cap and (ii) the estimate of all accrued or incurred and unpaid fees, disbursements, and costs of all Professionals as set forth in the Budget (the "**Carve-Out Reserve Estimate**"); provided, that the ABL Agent retains the right to challenge the reasonableness of the calculation of such Carve-Out Reserve Estimate set forth in the Budget, less (z) so long as the Treasury Bank continues to make ACH advances to the Debtors or any such advances remain outstanding, the Maximum Treasury Exposure (as defined below and in Paragraph 20 of the Interim Order); 11. the dismissal of any of the Cases, the conversion of any Case to a case under chapter 7 of the Bankruptcy Code, the appointment in any Case of a trustee or examiner with expanded powers, the Court shall abstain from hearing any of the Cases in accordance with Section 305 of the Bankruptcy Code, or any of the Debtors shall file a motion or other pleading, or support any motion or other pleading filed by any other party, seeking any of the foregoing relief; 12. an order of the Court is entered (or any of the Debtors shall seek an order) reversing, staying, vacating, or otherwise amending, supplementing, or modifying the Interim Order or the Final Order without the prior written consent of the ABL Agent, the Secured Notes Agent, and the Treasury Bank; 13. the Debtors shall create, incur, or suffer to exist any postpetition liens or security interests on any Adequate Protection Collateral other than: (i) those specified in the Interim Order or (ii) any Prepetition Permitted Liens; 14. other than with respect to the Carve-Out, the Debtors shall create, incur, or suffer to exist any claim or lien *pari passu* with or senior to the Adequate Protection Liens or the Adequate Protection Claims while any portion of the Prepetition Indebtedness or the Adequate Protection Obligations remain outstanding, or the Court shall grant any application by any party seeking payment of any claim on a superpriority administrative claim basis *pari passu* with or senior to the Adequate Protection Claims, without the consent of the ABL Agent, the Secured Notes Agent, and the Treasury Bank; 15. the Adequate Protection Liens or the Adequate Protection Claims shall cease to be valid, perfected, and enforceable in all respects or the Debtors file (or support) any motion, pleading, application, or adversary proceeding challenging the same or asserting any other cause of action against and/or with respect to the Prepetition Indebtedness, any Prepetition Secured Party's claim in respect of such Prepetition Indebtedness, or the Prepetition Collateral securing such Prepetition Indebtedness (or if the Debtors support any such motion, pleading, application, or adversary proceeding commenced by any third party); 16. the Debtors shall file or the Court shall grant any application, motion or borrowing request seeking to: (i) incur, without the consent of the ABL Agent, the Secured Notes Agent, and the Treasury Bank, any indebtedness from any party secured by a lien on, or, except for the Carve-Out, otherwise having a claim against or recourse to, as the case may be, the Debtors, the Prepetition Collateral or the Adequate Protection Collateral, unless such liens or claims are	

	Summary of Material Terms	Location
	junior and subordinated in all respects to the Prepetition Liens, the Prepetition Indebtedness, the Adequate Protection Liens, and the Adequate Protection Claims; or (ii) use Cash Collateral on a nonconsensual basis; 17. the entry by the Court or any other court having jurisdiction to do so modifying the automatic stay applicable under Section 362 of the Bankruptcy Code, or otherwise allowing a holder or holders of any liens or security interests, to foreclose or otherwise realize upon their liens or security interests in any Adequate Protection Collateral or Prepetition Collateral having a value in the aggregate greater than $1,500,000; 18. the Debtors' exclusive right to file and solicit acceptance of a chapter 11 plan of reorganization terminates; 19. the entry of an order by the Court or any other court having jurisdiction to do so (i) authorizing the sale of all or substantially all of any Debtor's assets that does not also require the concurrent satisfaction of the Prepetition Indebtedness in cash in full or (ii) except with respect to the stores disclosed in writing to the ABL Agent and the Secured Notes Agent prior to the Petition Date, authorizing the sale, liquidation, closure or other disposition of more than one hundred fifty (150) stores in the aggregate without the prior written consent of the ABL Agent and the Secured Notes Agent; 20. any Debtor shall make any material payment (including any Adequate Protection Payment) on or in respect of any prepetition obligations other than in accordance with the Budget (subject to any Permitted Variance); or 21. the entry of an order a court with jurisdiction avoiding or requiring repayment or disgorgement of any portion of the Adequate Protection Payments made by the Debtors under the Interim Order. Upon the occurrence or continuation of a Termination Event, unless such Termination Event has been waived in writing by each of the ABL Agent, the Secured Notes Agent and the Treasury Bank, then, without further order or relief from the Court: (i) the Debtors' authority to use Cash Collateral automatically terminates, (ii) the Treasury Bank may terminate all ACH funding, to the extent not previously terminated, and (iii) four (4) business days following delivery of a Termination Notice (the "**Waiting Period**") via electronic mail and facsimile by the ABL Agent, the Secured Notes Agent, and/or the Treasury Bank to the Carve-Out Notice Parties the automatic stay under Section 362 of the Bankruptcy Code shall, without further order or authorization of the Court, be automatically vacated and modified to the extent necessary to permit the ABL Agent, the Secured Notes Agent, and the Treasury Bank to exercise all rights and remedies against the Adequate Protection Collateral and the Prepetition Collateral (including the Cash Collateral) in accordance with the Existing Agreements, the Interim Order (or the Final Order (as applicable)) and applicable law. During the Waiting Period, the Debtors shall not use any Cash Collateral to pay any expenses except those which are necessary to preserve the Debtors' going concern value, solely in accordance with the Budget (subject to any Permitted Variance) and subject to the approval of the ABL Agent, the Secured Notes Agent, and the Treasury Bank. Notwithstanding anything to the contrary in Paragraph 16(a) of the Interim Order, the Debtors may seek a hearing during the Waiting Period solely to contest	

Summary of Material Terms		Location
	whether a Termination Event has occurred or to seek Court approval of an order approving the use of Cash Collateral over the objection of the Prepetition Agents and/or Prepetition Secured Parties; provided that nothing in the Interim Order shall impair the right of any party, including any Prepetition Secured Party, to object to such relief on any basis.	
Adequate Protection and Postpetition Treasury Exposure Liens and Claims Bankruptcy Rule 4001(b)(1)(B)(iv), Local Rule 4001-2(a)(ii)	As proposed adequate protection for the respective interests of the ABL Secured Parties, the Notes Secured Parties, and the Treasury Bank in the Prepetition Collateral, solely to the extent of, and in an aggregate amount equal, in each case, to, the Diminution in Value (as defined in Paragraph 3 of the Interim Order) of such interests (and, solely in the case of the Treasury Bank, also to the extent of, any postpetition Treasury Exposure), the ABL Agent, for the benefit of the ABL Secured Parties, the Secured Notes Agent, for the benefit of the Notes Secured Parties, and the Treasury Bank shall each receive the following: 1. Replacement Liens: Replacement liens (the "**Replacement Liens**" and the property securing such liens, the "**Replacement Collateral**") on all of the Debtors' postpetition property which, but for the Commencement of the Cases, would constitute Prepetition Collateral, in the relative priorities set forth in Paragraph 3(c) of the Interim Order and below, subject and subordinate only to (i) the Carve-Out, (ii) any Prepetition Permitted Liens that exist on and are legal, valid, binding, enforceable, perfected, and non-avoidable as of the Petition Date and are permitted to be senior to the Prepetition Liens (as applicable) pursuant to applicable Existing Agreements, and (iii) any Prepetition Permitted Liens in existence immediately prior to the Petition Date that are legal, valid, enforceable, binding, and non-avoidable and are perfected after the Petition Date as permitted by Section 546(b) of the Bankruptcy Code, and which are permitted to be senior to the Prepetition Liens pursuant to applicable Existing Agreements, in each case not including the Prepetition Liens or the Adequate Protection Liens (such liens described in clauses (ii) and (iii), collectively, and not including any Prepetition Liens or Adequate Protection Liens, the "**Senior Third Party Prepetition Permitted Liens**"); 2. Additional Liens: Additional liens (the "**Additional Liens**" and, the property securing such liens, the "**Additional Collateral**" and, the Additional Liens, together with the Replacement Liens, the "**Adequate Protection Liens**"), in the relative priorities set forth in Paragraph 3(c) of the Interim Order and below, on all tangible and intangible property of the Debtors other than the property set forth above in clause (1) whether existing on or as of the Petition Date or thereafter acquired, subject only to (i) the Carve-Out, (ii) any legal, valid, binding, enforceable, perfected, and non-avoidable liens in existence on or as of the Petition Date, and (iii) any legal, valid, binding, enforceable, perfected, and non-avoidable liens that are perfected after the Petition Date as permitted by Section 546(b) of the Bankruptcy Code; provided, that the Additional Liens shall not attach to any Avoidance Actions (as defined below and in Paragraph 3(b) of the Interim Order); provided, further, that, upon entry of the Final Order, the Additional Liens shall attach to all proceeds of Avoidance Actions; 3. Superpriority Claims: Subject only to the Carve-Out, superpriority claims as provided for in section 507(b) of the Bankruptcy Code (the "**Adequate Protection Superpriority Claims**") payable from and having recourse to	¶ 3

Summary of Material Terms		Location
	all prepetition and postpetition property of the Debtors and all proceeds thereof, including proceeds of Avoidance Actions or property recovered under such Avoidance Actions whether by judgment, settlement, or otherwise in the following priorities: first, the ABL Secured Parties, second the Treasury Bank, and third the Notes Secured Parties; 4. Adequate Protection Payments: The following payments (the "**Adequate Protection Payments**"): a. Professional Fees and Expenses: Cash payment of all accrued and unpaid reasonable and documented out-of-pocket fees and expenses (whether accrued prior to or after the Petition Date) in respect of the following: (1) the ABL Agent (limited to White & Case LLP, one local Delaware counsel, and, if reasonably necessary, one local counsel in each relevant jurisdiction, and a financial or restructuring advisor), (2) the Secured Notes Agent (limited to Pryor Cashman LLP and one local Delaware counsel), (3) the Treasury Bank (limited to Choate Hall & Stewart LLP and one local Delaware counsel), and (4) the Ad Hoc Group (limited to Morrison & Foerster LLP and one local Delaware Counsel), in each case not subject to the Budget or to approval by the Court (but the Court shall resolve any dispute as to reasonableness of such fees and expenses); b. Interest and Fees: Cash payment of all interest, fees, and other amounts (other than principal) (whether accrued prior to or after the Petition Date) under the Existing Agreements which shall accrue and be payable at the rates and times provided for in each such Existing Agreements; provided, that interest and Letter of Credit Fees on the Prepetition ABL Obligations shall be paid at the default rate provided for in Section 2.08(c) of the ABL Credit Agreement during the Cases; c. Loan Repayments and/or Cash Collateralization: Cash payments (including cash collateralization of any Letters of Credit) to the ABL Agent for the benefit of the ABL Secured Parties if for any reason and at any time the result of (w) the Borrowing Base (based on the most recently delivered Cash Collateral Borrowing Base Certificate) less (x) the Aggregate Exposure less (y) the Post-Carve-Out Notice Cap less (z) the Carve-Out Reserve Estimate shall be less than $75,000,000, in an amount equal to such deficiency; which payments shall be deemed (i) permanent repayments of any Loans (as defined in the ABL Credit Agreement, the "**Loans**") and (ii) to the extent all such Loans have been paid in full in cash, cash collateralization of any outstanding Letters of Credit; d. Treasury Exposure: Cash payments in an amount equal to the Treasury Exposure as and when due under the Treasury Services Documents.	

<table>
<tr><th colspan="2">Summary of Material Terms</th><th>Location</th></tr>
<tr>
<td>Priorities of Liens
4001(b)(1)(B)(iv),
Local Rule 4001-2(a)(ii)</td>
<td>
<table>
<tr><th rowspan="2">Priority</th><th colspan="2">Prepetition</th></tr>
<tr><th>ABL Priority Collateral[4]</th><th>Senior Secured Notes Priority Collateral</th></tr>
<tr><td>1st</td><td>Prepetition ABL Liens in favor of ABL Secured Parties, securing all Prepetition ABL Obligations, Prepetition Treasury Services Obligations, and postpetition Treasury Exposure, subject to the payment priorities in Section 7.4 of the Prepetition ABL Security Agreement (as defined in Paragraph F(i)(b) of the Interim Order)</td><td>Prepetition Notes Liens in favor of Notes Secured Parties, securing all Prepetition Secured Notes Obligations</td></tr>
<tr><td>2nd</td><td>Prepetition Notes Liens in favor of Notes Secured Parties, securing all Prepetition Secured Notes Obligations</td><td>Prepetition ABL Liens in favor of ABL Secured Parties, securing all Prepetition ABL Obligations, Prepetition Treasury Services Obligations, and postpetition Treasury Exposure, subject to the payment priorities in Section 7.4 of the Prepetition ABL Security Agreement</td></tr>
<tr><th rowspan="2">Priority</th><th colspan="2">Replacement</th></tr>
<tr><th>ABL Priority Collateral</th><th>Senior Secured Notes Priority Collateral</th></tr>
<tr><td>1st</td><td>Adequate Protection Liens in favor of ABL Secured Parties, securing any Diminution in Value claims and postpetition Treasury Exposure, subject to the payment priorities in Section 7.4 of the Prepetition ABL Security Agreement</td><td>Adequate Protection Liens in favor of Notes Secured Parties, securing any Diminution in Value claims</td></tr>
<tr><td>2nd</td><td>Adequate Protection Liens in favor of Notes Secured Parties, securing any Diminution in Value claims</td><td>Adequate Protection Liens in favor of ABL Secured Parties, securing any Diminution in Value claims and postpetition Treasury Exposure, subject to the payment priorities in Section 7.4 of the Prepetition ABL Security Agreement</td></tr>
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<td>¶ 3(c), 20</td>
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[4] As used herein, "**ABL Priority Collateral**" and "**Senior Secured Notes Priority Collateral**" shall have the meanings ascribed to such terms in the Prepetition Intercreditor Agreement (as defined below). The assets comprising the ABL Priority Collateral and the Senior Secured Notes Priority Collateral are generally described in Paragraph 29 of this Motion.

Summary of Material Terms		Location
	<u>Additional Collateral</u>: In the case of Additional Collateral, the following shared on a *pari passu* basis (i) the Adequate Protection Liens in favor of the ABL Secured Parties, securing any Diminution in Value claims and postpetition Treasury Exposure, subject to the payment priorities in Section 7.4 of the Prepetition ABL Security Agreement, and (ii) the Adequate Protection Liens in favor of the Notes Secured Parties, securing any Diminution in Value claims.	
Carve-Out Bankruptcy Rule 4001(b)(1)(B)(iii)	The Interim Order provides a "**Carve-Out**" of certain statutory fees and allowed professional fees of the Debtors and any statutory committee of creditors (a "**Committee**") appointed in the Cases pursuant to section 1103 of the Bankruptcy Code, which upon the occurrence of a Carve-Out Event, is subject to a Post-Carve-Out Notice Cap of $2,500,000, all as detailed in the Interim Order. The reasonable fees and expenses incurred by a trustee under Section 726(b) of the Bankruptcy Code are capped at $50,000.	¶ 9

Local Rule 4001-2 Concise Statements		Location
Cross-Collateralization Local Rule 4001–2(a)(i)(A)	The Interim Order does not provide for cross-collateralization, other than replacement liens as adequate protection**.**	N/A
Stipulations Local Rule 4001–2(a)(i)(B)	In the Interim Order, the Debtors stipulate to certain facts, including, among other things: • regarding the validity and amount of the claims under the Existing Agreements; • regarding the validity, priority, and perfection of the liens and security interests securing the Prepetition Indebtedness; • that no defenses or causes of action exist that provide a basis for a reduction in the amount of the Prepetition Indebtedness or the priority of the Prepetition Liens; • that the Prepetition Indebtedness is not subject to avoidance or any other challenges under applicable law; • that the Existing Agreements are valid and enforceable; • that the Prepetition Indebtedness constitute allowed claims against the applicable Debtors' estates; and • that the Prepetition Intercreditor Agreement governs the payment priority, rights, remedies of the Prepetition Secured Parties; and • the relative priorities of the Prepetition Liens.	¶ G

Effect of Stipulations Local Rule 4001–2(a)(i)(B)	The stipulations contained in the Interim Order are binding upon the Debtors and their successors. Parties in interest may investigate the stipulations set forth in the Interim Order until the earlier of (i) seventy-five (75) days from entry of the Interim Order, and the Committee, if formed, sixty (60) days from the date of its appointment, or (ii) subject to entry of the Final Order, five (5) calendar days before the initial date scheduled for the hearing to consider confirmation of the Prepackaged Plan. Up to $25,000 will be made available to any Committee for investigation costs, as described in Paragraph 10 of the Interim Order.	¶ 8, 10
Section 506(c) Waiver Local Rule 4001–2(a)(i)(C)	Subject to entry of a Final Order, and except to the extent of the Carve Out, the Debtors waive any right to surcharge against the Prepetition Collateral or the Adequate Protection Collateral.	¶ 12
Liens on Chapter 5 Causes of Action Local Rule 4001–2(a)(i)(D)	The Interim Order does not provide for liens on the Debtors' claims and causes of action arising under sections 502(d), 544, 545, 547, 548, 549, 550, or 553 of the Bankruptcy Code (collectively, the "**Avoidance Actions**"); provided, that upon entry of the Final Order, the Additional Liens shall attach to the proceeds of Avoidance Actions.	¶ 3(b)
Provisions Deeming Prepetition Debt to be Post-petition Debt Local Rule 4001–2(a)(i)(E)	The Interim Order does not deem prepetition secured debt to be post-petition debt or use post-petition loans from a prepetition secured creditor to pay part or all of that secured creditor's prepetition debt.	N/A
Disparate Treatment of Professionals Under Carve Out Local Rule 4001–2(a)(i)(F)	The Interim Order contains no provision for disparate treatment for professionals retained by the Committee, if any, with respect to the Carve-Out.	¶ 9
Non-Consensual Priming Liens Local Rule 4001–2(a)(i)(G)	The Interim Order does not provide for non-consensual priming of any existing secured lien.	N/A
Section 552(b)(1) Waiver Local Rule 4001–2(a)(i)(H)	Subject to entry of the Final Order, the "equities of the case" exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Secured Parties.	¶ 13

Background

3. On the date hereof (the "**Petition Date**"), the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their properties as debtors in

possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

4. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases pursuant to Bankruptcy Rule 1015(b) of the Federal Rules of Bankruptcy Procedure.

5. On March 15, 2018, the Debtors executed a restructuring support agreement (the "**Restructuring Support Agreement**") with (a) holders of approximately eighty percent (80%) of the outstanding principal amount of the Debtors' 8.625%/9.375% Senior PIK Toggle Notes due 2018 (collectively, the "**Unsecured Notes**"), of which approximately 68% are held or controlled by the members of an ad hoc group (the "**Initial Consenting Noteholders**") and approximately 12% are held or controlled by LSF7 Bond Holdings Ltd. (together with the Initial Consenting Noteholders, the "**Consenting Parties**"), and (b) the prepetition equity sponsors (the "**Sponsors**"), which own or control in excess of ninety-nine percent (99%) of the prepetition equity in SEG (which directly or indirectly owns or controls one hundred percent (100%) of the prepetition equity in the other Debtors). Pursuant to the Restructuring Support Agreement, the Consenting Parties and the Sponsors agreed to vote in favor of and support confirmation of the *Joint Prepackaged Chapter 11 Plan of Reorganization of Southeastern Grocers, LLC and Its Affiliated Debtors* (the "**Prepackaged Plan**")[5] that, upon implementation, provides for the Debtors to emerge from these chapter 11 cases substantially de-levered with overall debt levels decreased by over $500 million.

[5] Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Prepackaged Plan or the Carney Declaration (as defined below).

6. The Prepackaged Plan provides for a restructuring transaction pursuant to which:

- Each holder of an Allowed ABL Facility Claim will receive Cash in the full amount of its Allowed ABL Facility Claim from the proceeds of the Exit ABL Facility, and all existing commitments under the ABL Credit Agreement will be terminated.

- Each holder of an Allowed Secured Notes Claim will receive Cash in the full amount of its Allowed Secured Notes Claim from the proceeds of the Exit Term Loan Facility, and the Secured Notes will be cancelled.

- Each holder of an Allowed Unsecured Notes Claim will receive its pro rata share of one hundred percent (100%) of the New Common Stock issued pursuant to the Prepackaged Plan and outstanding immediately following the Effective Date, which will be subject to dilution only by (a) the New Common Stock issued (i) upon the exercise of the Warrant and (ii) pursuant to the Management Incentive Plan, and (b) other New Common Stock duly authorized and issued in accordance with the terms of Reorganized SEG's Amended Organizational Documents, and the Unsecured Notes will be cancelled.

- All Priority Non-Tax Claims, Other Secured Claims, General Unsecured Claims, Intercompany Claims, and Intercompany Interests are unimpaired by the Prepackaged Plan and will be satisfied in full in the ordinary course of business.

- SEG Parent will receive a 5% Warrant in full and final satisfaction, settlement, release, cancellation, and discharge of, and in exchange for, its Allowed Existing SEG Equity Interests.

7. Prior to the Petition Date, on March 15, 2018, the Debtors commenced the solicitation of votes of impaired creditors and interest holders on the Prepackaged Plan through the *Disclosure Statement for Joint Prepackaged Chapter 11 Plan of Reorganization of Southeastern Grocers, LLC and Its Affiliated Debtors* (the "**Disclosure Statement**"), filed contemporaneously herewith. The Prepackaged Plan has received overwhelming support. Specifically, as of the Petition Date, the Debtors already have received acceptances of the Prepackaged Plan from holders of Claims in Class 5 (Unsecured Notes Claims) that in the aggregate hold or control approximately 68% in amount of all Unsecured Notes, and holders of

more than 99% of all Interests in Class 8 (Existing SEG Equity Interests), the only Impaired Classes entitled to vote under the Prepackaged Plan.

8. The solicitation period for the Prepackaged Plan will remain open until April 5, 2018. The Debtors have requested a joint hearing for confirmation of the Prepackaged Plan and approval of the Disclosure Statement to be held within forty-five (45) days of the Petition Date.

9. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Brian P. Carney in Support of the Debtors' Chapter 11 Petitions and First Day Relief* (the "**Carney Declaration**"), which has been filed with the Court contemporaneously herewith and is incorporated herein by reference, and the Disclosure Statement.

Jurisdiction

10. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

22. Pursuant to Local Rule 9013–1(f), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

<u>The Debtors' Prepetition Secured Indebtedness</u>

23. Below is a summary of the Debtors' prepetition secured indebtedness impacted by the relief requested in this Motion.

A. ABL Credit Agreement

24. As of the Petition Date, pursuant to that certain Amended and Restated ABL Credit Agreement, dated as of May 21, 2014 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "**ABL Credit Agreement**"), by and between BI-LO, LLC, as borrower, BI-LO Holding, LLC, the lenders from time to time party thereto (the "**ABL Lenders**"), Deutsche Bank AG New York Branch, as administrative agent and as collateral agent (in such capacities, collectively, the "**ABL Agent**"), and the Issuing Lenders (as defined in the ABL Credit Agreement, together with the ABL Lenders and ABL Agent, the "**ABL Secured Parties**"), BI-LO, LLC, BI-LO Holding, LLC and each Subsidiary Guarantor (as defined in the ABL Credit Agreement, and together with BI-LO, LLC and BI-LO Holding, LLC, the "**Prepetition ABL Credit Parties**") were indebted and liable to the ABL Secured Parties in the aggregate principal amount of $385 million plus $87,001,133 on account of issued and outstanding letters of credit, plus unpaid interest (before and after the Petition Date), fees, expenses (before and after the Petition Date), reimbursement obligations, Unpaid Drawings ((as defined in the ABL Credit Agreement) which may arise under existing Letters of Credit to the extent drawn after the Petition Date), increased costs, tax gross-ups, breakage costs, indemnities, costs, and all other obligations payable under the ABL Documents (collectively, the "**Prepetition ABL Obligations**").

B. Treasury Services

25. Winn-Dixie Stores, Inc. ("**Winn-Dixie**") and Wells Fargo Bank National Association (in such capacity, the "**Treasury Bank**") are party to that certain Master Agreement

for Treasury Management Services (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "**Treasury Services Agreement**,"). Pursuant thereto, the Treasury Bank agreed to provide certain treasury, depository, and cash management services (collectively, the "**Treasury Services**") to Winn-Dixie, including automated clearinghouse ("**ACH**") advances and ACH transfers of funds. As of the Petition Date, the Prepetition ABL Credit Parties were indebted and liable to the Treasury Bank under the Treasury Services Documents for the amounts due and owing from time to time under the Treasury Services Documents (the "**Prepetition Treasury Services Obligations**"). The Debtors do not believe there are any amounts outstanding in respect of any Prepetition Treasury Services Obligations, including any Treasury Exposure, other than fees and expenses incurred in the ordinary course of business.

C. 9.250% Senior Secured Notes

26. As of the Petition Date, pursuant to that that certain Indenture, dated as of February 3, 2011 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "**Secured Notes Indenture**"), among BI-LO, LLC and BI-LO Finance Corp., as issuers, Wilmington Savings Fund Society, FSB, as successor trustee and collateral agent (in such capacities, the "**Secured Notes Agent**" and, together with the ABL Agent, the "**Prepetition Agents**"), and the Guarantors (as defined in the Secured Note Indenture, and together with BI-LO and BI-LO Finance, collectively, the "**Prepetition Notes Credit Parties**"), BI-LO, LLC and BI-LO Finance Corp issued 9.250% Senior Secured Notes due 2019 (the "**Secured Notes**," and the holders thereof, the "**Prepetition Secured Noteholders**," and together with the Secured Notes Agent, the "**Notes Secured Parties**," and collectively with the ABL Secured Parties and the Treasury Bank, the "**Prepetition Secured Parties**") in an aggregate principal amount of $425 million, plus unpaid interest, fees, expenses, and other amounts

payable under the Secured Notes Documents (collectively, the "**Prepetition Secured Notes Obligations**," and together with the Prepetition ABL Obligations and the Prepetition Treasury Services Obligations, the "**Prepetition Indebtedness**").

D. Prepetition Liens and Collateral

27. Pursuant to the ABL Credit Agreement, the Secured Notes Indenture, and the Security Documents (as defined in the ABL Credit Agreement and the Secured Notes Indenture), the ABL Secured Parties, the Notes Secured Parties, and the Treasury Bank have a lien on substantially all of the Debtors' assets (subject to customary exclusions) (collectively, the "**Prepetition Collateral**"), including cash collateral (as defined in by section 363(a) of the Bankruptcy Code, "**Cash Collateral**").

E. Intercreditor Agreement

28. The respective rights to, and remedies, payment priorities and relative priority of, the respective liens on the Prepetition Collateral (the "**Prepetition Liens**") granted to the Prepetition Agents, on behalf of themselves and the other Prepetition Secured Parties are set forth in that certain Intercreditor Agreement, dated as of February 3, 2011 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "**Prepetition Intercreditor Agreement**"), by and between the Prepetition Agents and acknowledged and agreed to by the Prepetition ABL Credit Parties and the Prepetition Notes Credit Parties.

29. Pursuant to the Prepetition Intercreditor Agreement, the Prepetition Secured Parties have liens in the Prepetition Collateral in the following priorities: (i) with respect to ABL Priority Collateral, first priority to the ABL Secured Parties and the Treasury Bank, in the payment priorities set forth in Section 7.4 of the Prepetition ABL Security Agreement, and second priority to the Notes Secured Parties, and (ii) with respect to the Senior Secured Notes

Priority Collateral, first priority to the Notes Secured Parties, second priority to the ABL Secured Parties and the Treasury Bank, in the payment priorities set forth in Section 7.4 of the Prepetition ABL Security Agreement. The ABL Priority Collateral is comprised of, among other things, and subject to limited exceptions, all Accounts, Deposit Accounts, and Inventory (each, as defined in the Prepetition Intercreditor Agreement). The Senior Secured Notes Priority Collateral is comprised of all assets and property other than the ABL Priority Collateral, including, among other things, and subject to limited exceptions, Real Estate Assets, Intellectual Priority (other than Prescription Lists), Equipment and Fixtures, and General Intangibles (each, as defined in the Prepetition Intercreditor Agreement).

F. Cash Management Letter Agreement

30. As more fully described in the Debtors' Cash Management Motion,[6] the Debtors' cash management system is comprised of thirty (30) bank accounts. Twenty-five (25) of such bank accounts are maintained at the Treasury Bank, including the Debtors' main operating account (the "**Principal Account**"), a concentration and disbursement account.

31. The Debtors pay almost all of their operating expenses from the Principal Account by ACH payments. Historically, the Debtors' ACH payments have ranged, on average, depending on the day of the week, from \$20 million to \$120 million. The ACH process typically takes one to two days. The Debtors issue an ACH file for payments to the Treasury Bank and the same day or the next day (depending on the time of the day the ACH file is sent to the Treasury Bank) the Treasury Bank honors the ACH payments and distributes the funds to the

[6] As used herein, "**Cash Management Motion**" shall mean the *Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 345, 363, 364, 503, and 507 and Fed. R. Bankr. P. 6003 and 6004 for Authorization to (I) Continue Using Existing Cash Management System, Bank Accounts, and Business Forms, (II) Implement Ordinary Course Changes to Cash Management System, (III) Provide Administrative Expense Priority for Postpetition Intercompany claims, (IV) Extend Time to Comply with Requirements of 11 U.S.C. § 345(b), and (V) Grant Related Relief*, filed contemporaneously herewith.

recipients when due irrespective of whether there are sufficient funds in the Debtors' Principal Account (any shortfall, the "**Treasury Exposure**"). The Treasury Exposure is thereafter satisfied when funds from the Debtors' depository accounts are automatically swept into the Principal Account at the end of that same day or the next day. As of the Petition Date, the Debtors do not have any amounts outstanding in respect of any Treasury Exposure.

32. The Treasury Bank has agreed to continue to provide cash management services, including ACH advances, during the course of these chapter 11 cases, up to $50 million (the "**Maximum Treasury Exposure**") and, on and after the Effective Date of the Prepackaged Plan, up to $120 million, in each case on a discretionary basis. The Debtors have carefully reviewed their cash management system and their receipts and disbursements and determined that they can contain their ACH payments to $50 million during the course of these chapter 11 cases. After good-faith, arms'-length negotiations, the Debtors and the Treasury Bank entered into that certain Fee Letter, dated as of March 27, 2018 (the "**Cash Management Letter Agreement**," a copy of which is annexed hereto as **Exhibit B**), pursuant to which the Debtors agreed to pay the Treasury Bank a fee of $600,000 (the "**Cash Management Fee**") to continue to provide cash management services to the Debtors, including ACH services. The Cash Management Fee is payable on the earlier of (i) the effective date of the Prepackaged Plan, (ii) the effective date of any other plan in any of the Debtors' chapter 11 cases, and (iii) an order by the Bankruptcy Court authorizing a sale of all or a material portion of the Debtors' working capital assets. Moreover, the Cash Management Fee will be reduced by an amount equal to the amount of any fees (including upfront fees or original issue discount) the Treasury Bank may receive if it becomes a lender under the Exit ABL Facility (as defined in the Prepackaged Plan).

33. As summarized above and provided in the Interim Order, pursuant to sections 364(c) and 364(d) of the Bankruptcy Code, the postpetition Treasury Exposure will be secured by, subject to the Carve-Out and certain Prepetition Permitted Liens and Senior Third Party Prepetition Permitted Liens, as applicable, subject to the lien priorities set forth above and in Paragraphs 3(c) and 20 of the Interim Order, including the payment priorities set forth in Paragraph 7.4 of the Prepetition ABL Security Agreement, liens on (i) all Prepetition Collateral, (ii) all Replacement Collateral, and (iii) all Additional Collateral. Moreover, the Treasury Bank will be entitled to an allowed superpriority administrative expense claim for the postpetition Treasury Exposure, subject to the priorities set forth above and in Paragraph 3 of the Interim Order.

Debtors' Use of Collateral Including Cash Collateral

34. The orderly continuation of the Debtors' operations and the preservation of their going concern value is largely dependent upon their ability to regularly convert Prepetition Collateral into Cash Collateral and use it to support the Debtors' business operations. For example, Cash Collateral will be used to fund the Debtors' payments to vendors and employees and to satisfy the other ordinary costs of operation, including rent, taxes, and insurance. Absent authority to use Cash Collateral, even for a limited period of time, the continued operation of the Debtors' business would suffer, causing immediate and irreparable harm to the Debtors, their respective estates, and their creditors. Accordingly, the use of Cash Collateral is critical to preserve and maintain the going concern value of the Debtors.

35. Prior to execution of the Restructuring Support Agreement, the Debtors, the ABL Agent, the Secured Notes Agent, the Treasury Bank, and an ad hoc group of secured noteholders who collectively hold more than fifty-five percent (55%) of the outstanding principal amount of the Secured Notes (the "**Ad Hoc Group**") engaged in extensive arms'-length

negotiations regarding the terms and conditions of a proposed consensual cash collateral order, culminating in the cash collateral term sheet annexed to the Restructuring Support Agreement as Exhibit C and, thereafter, the Interim Order.

36. The Debtors' use of Cash Collateral will be governed, subject to permitted expenditure variances, by a cash collateral budget. The Debtors and the Prepetition Secured Parties have agreed upon an initial 13-week projection attached to the Interim Order as Exhibit A. The budget provides a detailed list of the various expenditures that the Debtors anticipate incurring during the specified period.

37. As of the Petition Date, the Debtors have approximately $45 million of cash on hand. The Debtors' Cash Collateral, together with the extension of credit to be provided under the C&S Supply Agreement (as defined in the Prepackaged Plan), as described in the Motion to Assume the C&S Supply Agreement,[7] and the Treasury Bank's postpetition ACH advances, will provide the Debtors with sufficient liquidity to fund their chapter 11 cases. This Motion and the credit to be extended pursuant to the C&S Supply Agreement will save the Debtors significant interest and potential fees and costs that would be incurred if the Debtors had to secure traditional debtor-in-possession financing.

Basis for Relief Requested

A. Debtors Should be Authorized to Use Cash Collateral

38. A debtor's use of property of the estate, including cash collateral, is governed by Bankruptcy Code section 363. Pursuant to section 363(c)(2), a debtor may use cash collateral if "(A) each entity that has an interest in such cash collateral consents; or (B) the court,

[7] As used herein, the "**Motion to Approve the C&S Supply Agreement**" shall mean the *Motion of Debtors Pursuant to 11 U.S.C. §§ 364(c) and 365(a) for Entry of an Interim Order (I) Approving Chapter 11 Extended Credit Terms; (II) Authorizing the Assumption of the 2018 Supply Agreement Among Debtors and C&S Wholesale Grocers, Inc.; (III) Granting Superpriority Status for Credit Extended by C&S During the Chapter 11 Cases; and (IV) Granting Related Relief*, filed contemporaneously herewith.

after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of [section 363]." 11 U.S.C. § 363(c)(2). Bankruptcy Code section 363(e) further provides that "on request of an entity that has an interest in property . . . to be used, sold or leased, by the trustee, the court . . . shall prohibit or condition such use, sale or lease as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e).

39. The Bankruptcy Code does not expressly define "adequate protection." Section 361 of the Bankruptcy Code, however, provides a non-exhaustive list of examples of adequate protection, including replacement liens and administrative priority claims. *See* 11 U.S.C. § 361. Generally, courts decide what constitutes adequate protection on a case-by-case basis. *See Resolution Trust Corp. v. Swedeland Dev. Group, Inc. (In re Swedeland Dev. Group, Inc.)*, 16 F.3d 552, 564 (3d Cir. 1994) ("[A] determination of whether there is adequate protection is made on a case by case basis."); *In re N.J. Affordable Homes Corp*., No. 05-60442, 2006 WL 2128624, at *14 (Bankr. D.N.J. June 29, 2006) ("The term 'adequate protection' is intended to be a flexible concept."); *In re Columbia Gas Sys., Inc*., Nos. 91-803, 91-804, 1992 WL 79323, at *2 (Bankr. D. Del. Feb. 18, 1992) (emphasizing that "the varying analyses and results contained in the . . . slew of cases demonstrate that what interest is entitled to adequate protection and what constitutes adequate protection must be decided on a case-by-case basis"); *see also In re Dynaco Corp*., 162 B.R. 389, 394 (Bankr. D.N.H. 1993) (*citing* 2 Collier on Bankruptcy ¶ 361.01 [1] at 361-66 (15th ed. 1993) (explaining that adequate protection can take many forms and "must be determined based upon equitable considerations arising from the particular facts of each proceeding").

40. In *Swedeland*, the Third Circuit pointedly noted that the purpose of adequate protection "is to insure that the creditor receives the value for which he bargained

prebankruptcy." *In re Swedeland*, 16 F.3d at 564 (quoting *In re O'Connor*, 808 F.2d 1393, 1396 (10th Cir. 1987)); *see also Shaw Indus., Inc. v. First Nat'l Bank of Pa. (In re Shaw Indus., Inc.)*, 300 B.R. 861, 865 (Bankr. W.D. Pa. 2003) ("The purpose of providing 'adequate protection' is to insure that a secured creditor receives in value essentially what he bargained for."); *In re Beker Indus. Corp.*, 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986) (noting that the application of adequate protection "is left to the vagaries of each case, but its focus is protection of the secured creditor from diminution in the value of its collateral during the reorganization process") (citation omitted), *rev'd on other grounds*, 89 B.R. 336 (S.D.N.Y. 1988). The Third Circuit has held that adequacy, "depends directly on how effectively it compensates the secured creditor for loss of value" caused by the priming lien granted to the new lender. *In re Swedeland*, 16 F.3d at 564 (quoting *In re Am. Mariner Inds., Inc.*, 734 F.2d 426, 432 (9th Cir. 1984)).

41. The Debtors have satisfied the requirements of sections 363(c)(2) and (e), and should be authorized to use Cash Collateral. Importantly, the Prepetition Agents have either consented or have not objected to the use of Cash Collateral on behalf of the ABL Secured Parties and the Notes Secured Parties, respectively, subject to the terms of the Interim Order. Moreover, the Interim Order has the support of the Treasury Bank and the Ad Hoc Group, which collectively holds more than fifty-five percent (55%) of the Secured Notes. Additionally, and as described above, the Debtors are providing the Prepetition Secured Parties with adequate protection in the form of replacement liens, additional liens, superpriority administrative expense claims, and adequate protection payments for any Diminution in Value of each Prepetition Secured Party's respective interests in the Prepetition Collateral.

42. Without access to Cash Collateral, the Debtors would be unable to continue operating pending implementation of the restructuring transactions embodied in the

Prepackaged Plan that will maximize value for all parties in interest. In view of the fact that Cash Collateral is essential to ongoing operations and the Prepetition Secured Parties have either consented or not objected to the use thereof as provided in the Interim Order, the Court should grant the Debtors the authority to use Cash Collateral under section 363(c)(2) of the Bankruptcy Code.

43. Moreover, the Debtors submit that the adequate protection provided to the ABL Secured Parties in the form of Loan repayments under the ABL Credit Agreement or, if such Loans have been paid in full, cash collateralization of any outstanding letters of credit, in the amount of any Borrowing Base deficiency (adjusted for certain reserves as set forth in Paragraph 3(e)(III) of the Interim Order) is reasonable and appropriate to provide the ABL Secured Parties with Borrowing Base protection as the Debtors convert Prepetition Collateral to Cash Collateral and use such Cash Collateral in the ordinary course of business. Importantly, all Prepetition Secured Parties have consented to the Debtors' liquidation of certain of their Prepetition Collateral during these chapter 11 cases, all as more fully described in the Debtors' GOB Motion.[8] Moreover, the ABL Secured Parties are unimpaired under the Prepackaged Plan and will be paid in full on the Effective Date (as defined in the Prepackaged Plan). Thus, such repayments do not prejudice any party in interest as they do not alter the rights of the ABL Secured Parties, but rather the timing of such payments.

44. Accordingly, the adequate protection provided for in the Interim Order is fair and reasonable under the circumstances, satisfies the requirements of sections 363(c)(2) and 363(e) of the Bankruptcy Code, and is in the best interests of the Debtors, their estates, and all parties in interest and should be approved. Courts in this and other districts have approved

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[8] As used herein, the "**GOB Motion**" shall mean the *Motion of Debtors for Approval of (I) Procedures for Store Closing Sales; and (II) Assumption of the Liquidation Consulting Agreement*, filed contemporaneously herewith.

similar adequate protection packages in recent chapter 11 cases. *See*, *e.g.*, *In re Ascent Res. Marcellus Holdings, LLC*, No. 18-10265 (Bankr. D. Del. Mar. 20, 2018) (LSS) [D.I. 107]; *In re ExGen Texas Power, LLC*, *No. 17-12377 (BLS)* (Bankr. D. Del. Nov. 8, 2017) [D.I. 46] (Interim Order); *In re Central Grocers, Inc.*, No. 17-10993 (LSS) (Bankr. D. Del. June 8, 2017) [D.I. 368); *In re Homer City Generation, L.P.*, No. 17-10086 (MFW) (Bankr. D. Del. Jan. 31, 2017) [D.I. 125]; *In re Paragon Offshore plc*, No. 16-10386 (CSS) (Bankr. D. Del. Mar. 9, 2016) [D.I. 140]; *In re Offshore Grp. Inv. Ltd.*, No. 15-12422 (BLS) (Bankr. D. Del. Jan. 8, 2016) [D.I. 158]; *In re Samson Res. Corp.*, No. 15-11934 (CSS) (Bankr. D. Del. Sept. 25, 2015) [D.I. 111] (Interim Order); *In re Basic Energy Services, Inc.*, No. 16-12320 (KJC) (Bankr. D. Del. Oct. 25, 2016) [D.I. 71] (approving segregation of cash equal to borrowing base deficiency in connection with prepetition asset-based loan as adequate protection); *In re The Great Atlantic & Pacific Tea Company, Inc.*, No. 15-23007 (RDD) (Bankr. S.D.N.Y. July 19, 2015) [D.I. 531] (approving repayment of asset-based loan equal to borrowing base deficiency as adequate protection).

B. Entry into Cash Management Letter Agreement is A Reasonable Exercise of Debtors' Business Judgement

45. Section 363(b) of the Bankruptcy Code provides, in relevant part, that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Under section 363 of the Bankruptcy Code, a court may authorize a debtor to pay certain prepetition claims if a sound business purpose exists for doing so. *See In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (requiring that debtor show a "sound business purpose" to justify its actions under section 363 of Bankruptcy Code); *see also In re Phoenix Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987). Moreover, if "the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not

entertain objections to the debtor's conduct." *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986) (citation omitted); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (stating that "[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task").

46. Once a debtor articulates a valid business justification under section 363(b) of the Bankruptcy Code, a presumption arises that the debtor's decision was made on an informed basis, in good faith, and in the honest belief the action was in the best interests of the debtor's estate. *See In re Integrated Res., Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)); *see also In re Bridgeport Holdings, Inc.*, 388 B.R. 548, 567 (Bankr. D. Del. 2008). Moreover, "where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor's conduct." *In re Johns-Manville Corp.*, 60 B.R. at 616; *see also In re Nellson Nutraceutical, Inc.*, 369 B.R. 787, 797 (D. Del. 2007) (explaining that courts will not entertain objections to actions taken by the debtor "provided that the conduct involves a business judgment made in good faith upon a reasonable basis and within the scope of authority under the Bankruptcy Code").

47. Additionally, section 105(a) of the Bankruptcy Codes provides that the "court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Pursuant to section 105(a), orders are appropriate where they are essential to the debtor's reorganization efforts and do not pose a burden on the debtor's creditors. *See U.S. Lines, Inc. v. Am. S.S. Owners Mut. Prof. & Indem. Ass'n (In re U S Lines, Inc.)*, 197 F.3d 631, 640 (2d Cir. 1999); *Momentum Mfg. Corp. v. Emp. Creditors Comm.*

(In re Momentum Mfg. Corp), 25 F.3d 1132, 1136 (2d Cir. 1994) ("It is well settled that bankruptcy courts are courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process.").

48. Section 364(c) of the Bankruptcy Code provides, among other things, that if a debtor is unable to obtain unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code, the court may authorize the debtor to obtain credit or incur debt (a) with priority over any and all administrative expenses as specified in section 503(b) or 507(b) of the Bankruptcy Code, (b) secured by a lien on property of the estate that is not otherwise subject to a lien, or (c) secured by a junior lien on property of the estate that is subject to a lien. 11 U.S.C. § 364(c). Section 364(d) of the Bankruptcy Code allows a debtor to obtain credit secured by a senior or equal lien on property of the estate that is subject to a lien, provided that (a) the debtor is unable to obtain such credit otherwise, and (b) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted. 11 U.S.C. § 364(d).

49. The Debtors' entry into the Cash Management Letter Agreement and payment of the fee thereunder is a sound exercise of the Debtors' business judgment and should be approved. As explained in the Cash Management Motion, maintaining the Debtors' cash management system is an essential business practice of the Debtors. The cash management system provides significant benefits to the Debtors, including the ability to (i) control corporate funds, (ii) ensure the maximum availability of funds when and where necessary, and (iii) reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account information. The operation of the Debtors' business requires that the cash management system continue during the pendency of these chapter 11 cases.

50. The Treasury Bank's cash management services and ACH advances are essential to Debtors' cash management system and their replacement would be exceedingly difficult, damaging to the Debtors operations, and detrimental to all stakeholders. Indeed, as described above, the Debtors maintain twenty-five (25) of their thirty (30) bank accounts with the Treasury Bank and the Treasury Bank is the sole provider of critical ACH services and advances, which afford the Debtors additional flexibility in timely satisfying their operational expenses. The Debtors' continuation of their existing cash management system, including the Treasury Bank's cash management and ACH services and advances, is necessary to avoid severe disruptions to the Debtors' operations, which ultimately would frustrate the Debtors' ability to effectuate their restructuring strategy and maximize the value of their estates. Replacement of the Treasury Bank would not only be exceedingly difficult, but any changes to the Debtors' cash management system would be extremely disruptive and, consequently, potentially value destructive, to the Debtors' business. The Debtors' submit that entry into the Cash Management Letter Agreement, which is the product of good-faith, arms'-length negotiations, is a reasonable exercise of the Debtors' business judgment and is in the best interests of the Debtors' estates and all parties in interest and should be approved. Moreover, to the extent the postpetition Treasury Exposure or other cash management services of the Treasury Bank are deemed to be an extension of secured credit, the Debtors submit that, for all of the foregoing reasons, they have satisfied sections 364(c) and (d) of the Bankruptcy Code. The Debtors could not have obtained such credit on an unsecured basis without substantial disruption to operations and potential degradation of value to the Debtors' estates.

Interim Order Should Be Granted

51. Bankruptcy Rule 4001(b) provides that a final hearing on a motion to use cash collateral may not be commenced earlier than 14 days after the service of such motion.

Upon request, however, the Court is authorized to conduct a preliminary expedited hearing on the motion and authorize the use of cash collateral to the extent necessary to avoid immediate and irreparable harm to a debtor's estate pending a final hearing. Pursuant to Bankruptcy Rule 4001(b), the Debtors request that the Court conduct an expedited preliminary hearing on the Motion and (i) authorize the Debtors to use Cash Collateral in order to (a) maintain and finance their ongoing operations and (b) avoid immediate and irreparable harm and prejudice to the Debtors' estates and all parties in interest, and (ii) schedule a Final Hearing on the relief requested herein.

52. Absent authorization from the Court to use Cash Collateral on an interim basis pending a Final Hearing, the Debtors and their creditors will be immediately and irreparably harmed. As set forth above, the Debtors' ability to use Cash Collateral on the terms described herein is critical to their ability to operate their business in the ordinary course. Accordingly, the Interim Order should be granted.

53. Courts in this district recognize the importance of a debtor's ability to use cash collateral to prevent immediate and irreparable harm to its estate. *See, e.g.*, *In re The Bon-Ton Stores, Inc.*, Case No. 18-10248 (MFW) (Bankr. D. Del. Mar. 12, 2018) [D.I. 348]; *In re ExGen Texas Power, LLC*, Case No. 17-12377 (BLS) (Bankr. D. Del. Nov. 8, 2017) [D.I. 46]; *In re Offshore Grp. Inv. Ltd.*, No. 15-12422 (BLS) (Bankr. D. Del. Jan. 8, 2016) [D.I. 158]; *In re Quicksilver Resources, Inc.*, No. 15- 10585 (LSS) (Bankr. D. Del. May 1, 2015) [D.I. 307]; *In re Trump Ent. Resorts Inc.*, No. 14-12103 (KG) (Bankr. D. Del. Oct. 23, 2014) [D.I. 342]; *In re Entegra Power Grp. LLC*, No. 14-11859 (PJW) (Bankr. D. Del. Sept. 3, 2014) [D.I. 106]; *In re Energy Future Holdings Corp.*, No. 14-10979 (CSS) (Bankr. D. Del. June 6, 2014) [D.I. 855].

Scope of the Carve Out Is Appropriate

54. The Adequate Protection Liens are subject to the Carve-Out. Without the Carve Out, the Debtors and other parties in interest may be deprived of certain rights and powers because the services for which professionals may be paid in these chapter 11 cases would be restricted. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (observing that courts insist on carve-outs for professionals representing parties in interest because "[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced"). The Carve-Out does not directly or indirectly deprive the Debtors' estates or other parties in interest of possible rights and powers. Additionally, the Carve-Out protects against administrative insolvency during the course of these chapter 11 cases by ensuring that assets remain for the payment of fees of the Clerk of the Bankruptcy Court or the Office of the United States Trustee for the District of Delaware and professional fees of the Debtors and a Committee.

Automatic Stay Should Be Modified on a Limited Basis

55. The relief requested herein contemplates a modification of the automatic stay to permit the Debtors to grant the replacement liens described above to the Prepetition Secured Parties, and with respect to the Treasury Exposure, to the Treasury Bank, and to perform such acts as may be requested to assure the perfection and priority of such liens. Stay modifications of this kind are ordinary and standard features for the use of cash collateral, and in the Debtors' business judgment, are reasonable and fair under the present circumstances.

Bankruptcy Rule 4001(a)(3) Should Be Waived

56. The Debtors request a waiver of the stay of the effectiveness of the order approving this Motion under Bankruptcy Rule 4001(a)(3). Bankruptcy Rule 4001(a)(3)

provides, "[a]n order granting a motion for relief from an automatic stay made in accordance with Rule 4001(a)(1) is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." As explained above and in the Carney Declaration, the use of Cash Collateral is essential to prevent irreparable damage to the Debtors' operations. Accordingly, ample cause exists to justify the waiver of the fourteen-day stay imposed by Bankruptcy Rule 4001(a)(3), to the extent such stay applies.

Bankruptcy Rule 6003 Has Been Satisfied

57. Bankruptcy Rule 6003(b) provides that, to the extent relief is necessary to avoid immediate and irreparable harm, a bankruptcy court may approve "a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition" prior to twenty-one (21) days after the Petition Date. Fed. R. Bankr. P. 6003(b). As explained above and in the Carney Declaration, the Debtors would suffer immediate and irreparable harm if the relief sought herein is not promptly granted. Accordingly, the Debtors submit that the relief requested herein is necessary to avoid immediate and irreparable harm, and, therefore, Bankruptcy Rule 6003 is satisfied.

Request for Bankruptcy Rule 6004 Waivers

58. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen (14) day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). Pursuant to Bankruptcy Rule 6004(h), "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As explained above and in the Carney Declaration, the relief requested herein is necessary to avoid immediate and irreparable harm to

the Debtors. Accordingly, ample cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent such stay applies.

Notice

59. Notice of this Motion will be provided to (a) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19899 (Attn: Benjamin Hackman), (b) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis, (c) the Office of the United States Attorney General for the District of Delaware, (d) the Internal Revenue Service, (e) the Securities and Exchange Commission, (f) financial institutions at which the Debtors maintain deposit accounts, (g) counsel to the Sponsors, King & Spalding LLP, 1180 Peachtree Street NE, Atlanta, GA 30309 (Attn: W. Austin Jowers, Esq. and Paul K. Ferdinands, Esq.), (h) counsel to the ABL Agent and Deutsche Bank Securities Inc., in its capacity as Lead Arranger under the Exit Term Loan Facility, White & Case LLP, 1221 Avenue of the Americas, New York, NY 10020 (Attn: David Bilkis, Esq., Andrew C. Ambruoso, Esq. and Elizabeth Feld, Esq.), (i) counsel to the Secured Notes Agent, Pryor Cashman LLP, 7 Times Square, New York, NY 10036 (Attn: Seth H. Lieberman, Esq. and Patrick Sibley, Esq.), (j) counsel to the Treasury Bank, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Kevin J. Simard, Esq.), (k) counsel to the Ad Hoc Group, (i) Morrison & Foerster LLP, 250 West 55th Street, New York, NY 10019 (Attn: Dennis L. Jenkins, Esq. and Brett H. Miller, Esq.) and (ii) Drinker Biddle & Reath LLP, 222 Delaware Avenue, Wilmington, DE 19801 (Attn: Steven K. Kortanek, Esq., Robert K. Malone, Esq., and Joseph N. Argentina, Jr., Esq.), (l) all other parties asserting a lien on or a security interest in the assets of the Debtors to the extent reasonably known to the Debtors, (m) counsel to the Unsecured Notes Indenture Trustee, Kelley

Drye & Warren LLP, 101 Park Avenue, New York, NY 10178 (Attn: James S. Carr, Esq., Benjamin D. Feder, Esq., and Pamela Bruzzese-Szczygiel, Esq.), (n) counsel to the Exit ABL Facility Agent and the Exit Term Loan Facility Agent, White & Case LLP, Southeast Financial Center, 200 South Biscayne Boulevard, Suite 4900, Miami, FL 33131 (Attn: Eric Klar, Esq.); and (o) any other party entitled to notice pursuant to Local Rule 9013-1(m) (collectively, the "**Notice Parties**").

60. The Debtors respectfully submit that no further notice is required. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request entry of the Interim Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: March 27, 2018
Wilmington, Delaware

/s/ Daniel J. DeFranceschi
RICHARDS, LAYTON & FINGER, P.A.
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-and-

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Proposed Attorneys for Debtors
and Debtors in Possession

Exhibit A

Interim Order

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	:	
	:	**Chapter 11**
	:	
SOUTHEASTERN GROCERS, LLC, *et al.*	:	**Case No. 18– ________ ( )**
	:	
Debtors.[1]	:	**(Jointly Administered)**
	:	**Re: Docket No.**

INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364 AND 507, FED. R. BANKR. P. 2002, 4001 AND 9014, AND DEL. BANKR. L.R. 4001-2 (I) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL OF THE PREPETITION SECURED PARTIES, (II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES, (III) PRESCRIBING FORM AND MANNER OF NOTICE OF AND SCHEDULING FINAL HEARING, AND (IV) GRANTING RELATED RELIEF

Upon the motion, dated March 27, 2018 (the "Motion")[2], of Southeastern Grocers, LLC and its affiliated debtors and debtors-in-possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Cases"), for the entry of an interim order (this "Interim Order") and a Final Order (defined below), pursuant to Sections 105, 361, 362, 363, 364 and 507 of title 11 of the United States Code, 11 U.S.C. §§101-1532 (as amended, the "Bankruptcy Code"), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "Bankruptcy Rules"), and Rule 4001-2 of the Local Rules of Bankruptcy

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, as applicable, are: Southeastern Grocers, LLC (5190); ARP Ballentine LLC (6936): ARP Chickamauga LLC (9515); ARP Hartsville LLC (7906); ARP James Island LLC (9163); ARP Moonville LLC (0930); ARP Morganton LLC (4010); ARP Winston Salem LLC (2540); BI-LO Finance Corp. (0498); BI-LO Holding Finance, Inc. (9227); BI-LO Holding Finance, LLC (1412); BI-LO Holding, LLC (5611); BI-LO, LLC (0130); Dixie Spirits Florida, LLC (6727); Dixie Spirits, Inc. (2359); Opal Holdings, LLC (2667); Samson Merger Sub, LLC (4402); Winn-Dixie Logistics, LLC (2949); Winn-Dixie Montgomery Leasing, LLC (6899); Winn-Dixie Montgomery, LLC (2119); Winn-Dixie Properties, LLC (7105); Winn-Dixie Raleigh Leasing, LLC (6812); Winn-Dixie Raleigh, LLC (0665); Winn-Dixie Stores, Inc. (4290); Winn-Dixie Stores Leasing, LLC (7019); Winn-Dixie Supermarkets, Inc. (8837); and Winn-Dixie Warehouse Leasing, LLC (6709).

[2] Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Motion.

Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (such rules, the "Local Rules," and such court, the "Court"), seeking, among other things, the following relief:

(a) authorization to use "cash collateral" as such term is defined in Section 363 of the Bankruptcy Code in which the Prepetition Secured Parties (defined below) have an interest (the "Cash Collateral"), in accordance with this Interim Order and the Budget (defined below);

(b) authorization to grant, as of the Petition Date (defined below), the Adequate Protection Superpriority Claims and Adequate Protection Liens (each defined below), to the extent of and as compensation for any Diminution in Value (defined below), and to make the Adequate Protection Payments (defined below);

(c) granting authority for the Debtors to maintain and, solely to the extent subject to "auto-renewal" pursuant to the terms thereof, renew existing Letters of Credit (defined below) issued or deemed issued under the ABL Facility (defined below) prior to the Petition Date, solely to the extent provided in Paragraph 19 hereto;

(d) modification by the Court of the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Interim Order and the Final Order;

(e) the Court's approval of certain stipulations as set forth in paragraph G of this Interim Order;

(f) subject to entry of the Final Order, except to the extent of the Carve-Out (defined below) (solely to the extent expressly set forth herein), the waiver by the Debtors of any right to surcharge against or recover from the Prepetition Secured Parties, the Adequate Protection Collateral or the Prepetition Collateral (each defined below) pursuant to Section 506(c) of the Bankruptcy Code or any similar principle of law;

(g) subject to entry of the Final Order, the waiver of the "equities of the case" exception under Section 552(b) of the Bankruptcy Code with respect to the Prepetition Secured Parties, the proceeds of any of the Prepetition Collateral, and the extension of the Adequate Protection Liens to the proceeds of the Prepetition Collateral;

(h) granting authority for the Debtors to enter into the Cash Management Letter Agreement (defined below), which provides for the continuation of the Treasury Bank's (defined below) cash management services, incur postpetition secured indebtedness to the Treasury Bank in exchange for ACH (defined below) advances, and grant liens and superpriority administrative expense claims to the Treasury Bank in connection with the Treasury Exposure (defined below), subject to the lien and payment priorities specified herein;

(i) the scheduling of a final hearing (the "Final Hearing") to consider entry of the Final Order granting the relief requested in the Motion on a final basis and approving the form of notice with respect to the Final Hearing and the transactions contemplated by the Motion; and

(j) waiver of any applicable stay (including under Bankruptcy Rule 6004) and providing for the immediate effectiveness of this Interim Order.

The Court having considered the Motion, the *Declaration of Brian P. Carney in Support of the Debtors' Chapter 11 Petitions and First Day Relief*, sworn to on March 27, 2018 in Support of the First Day Motions (the "First Day Declaration "), and the evidence submitted at the interim hearing held before the Court on March [●], 2018 (the "Interim Hearing") to consider entry of this Interim Order; and in accordance with Bankruptcy Rules 2002, 4001(b) and (d), and 9014, and the Local Rules, due and proper notice of the Motion and the Interim Hearing having been given under the circumstances; and it appearing that approval of the interim relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors pending the Final Hearing and is otherwise fair and reasonable and in the best interests of the Debtors, their creditors and their estates, and essential for the continued operation of the Debtors' businesses; and all objections, if any, to the entry of this Interim Order having been withdrawn, resolved, or overruled by the Court; and after due deliberation and consideration, and good and sufficient cause appearing therefor:

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. **Petition Date**. On March 27, 2018 (the "Petition Date"), the Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code with the Court.

B. **Debtors in Possession**. The Debtors have continued in the management and operation of their businesses and properties as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Cases.

C. **Jurisdiction and Venue**. The Court has jurisdiction over these proceedings, pursuant to 28 U.S.C. §§ 157(b) and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware,* dated as of February 29, 2012. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). The Court may enter a final order consistent with Article III of the United States Constitution. Venue for the Cases and the proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief sought herein are Sections 105, 361, 362, 363, 364 and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001 and 9014, and Local Rule 4001-2.

D. **Committee Formation**. As of the date hereof, no official committee of unsecured creditors (together with any other statutory committee, a "Committee") has been appointed in the Cases.

E. **Notice**. On the Petition Date, the Debtors filed the Motion with the Court pursuant to Bankruptcy Rules 2002, 4001 and 9014, and provided notice of the Motion and the Interim Hearing by electronic mail, facsimile, hand delivery or overnight delivery to the following parties and/or their respective counsel as indicated below: (i) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19899 (Attn: Benjamin Hackman) (the "U.S. Trustee"), (ii) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis, (iii) the Office of the United States Attorney General for the District of Delaware, (iv) the Internal Revenue Service, (v) the Securities and Exchange Commission, (vi) financial institutions at which the Debtors maintain deposit accounts, (vii) counsel to the Sponsors, King & Spalding LLP, 1180 Peachtree Street NE, Atlanta, GA 30309 (Attn: W. Austin Jowers, Esq. and Paul K. Ferdinands, Esq.), (viii) counsel to the ABL Agent (defined below) and Deutsche Bank Securities Inc., in its capacity as Lead Arranger under the Exit Term Loan Facility, White & Case LLP, 1221 Avenue of the Americas, New York, NY 10020 (Attn: David Bilkis, Esq., Andrew C. Ambruoso, Esq. and Elizabeth Feld, Esq.), (ix) counsel to the Secured Notes Agent (defined below), Pryor Cashman LLP, 7 Times Square, New York, NY 10036 (Attn: Seth H. Lieberman, Esq. and Patrick Sibley, Esq.), (x) counsel to the Treasury Bank (defined below), Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Kevin J. Simard, Esq.), (xi) counsel to the ad hoc group (the "Ad Hoc Group") of unaffiliated funds, accounts, and/or managers of funds or accounts holding Secured Notes (defined below) and Unsecured Notes, (a) Morrison & Foerster LLP, 250 West 55th Street, New York, NY 10019 (Attn: Dennis L. Jenkins, Esq. and Brett H. Miller, Esq.) and (b) Drinker Biddle & Reath LLP, 222 Delaware Avenue, Wilmington, DE 19801 (Attn: Steven K. Kortanek, Esq., Robert K. Malone, Esq., and Jospeh N. Argentina, Jr., Esq.), (xii) all other parties asserting a lien on or a security interest in the assets of the Debtors to the extent reasonably known to the Debtors, (xiii) counsel to the Unsecured Notes Indenture Trustee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178 (Attn: James S. Carr, Esq., Benjamin D. Feder, Esq., and Pamela Bruzzese-Szczygiel, Esq.), (xiv) counsel to the Exit ABL Facility Agent and the Exit Term Loan Facility Agent, White & Case LLP, Southeast Financial Center, 200 South Biscayne Boulevard, Suite 4900, Miami, FL 33131 (Attn: Eric Klar, Esq.); and (xv) any other party entitled to notice pursuant to Local Rule 9013-1(m) (collectively, the "Notice Parties"). Given the nature of the relief sought in the Motion, the Court concludes that the foregoing notice constitutes due, sufficient and appropriate notice under the circumstances and complies with Section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001(b) and (d), and the Local Rules.

F. **Prepetition Secured Indebtedness**.

(i) **Prepetition ABL Facility**.

(a) BI-LO, LLC ("BI-LO"), as borrower, BI-LO Holding, LLC ("Holdings"), the lenders from time to time party thereto (the "ABL Lenders"), Deutsche Bank AG New York Branch, as administrative agent and as collateral agent (in such capacities, collectively, the "ABL Agent"), and the Issuing Lenders (as defined in the ABL Credit Agreement, the "ABL Issuing Lenders"; and together with the ABL Agent, the ABL Lenders and all other parties (other than the Treasury Bank in its capacity as such) to whom Prepetition ABL Obligations (defined below) may be owed, the "ABL Secured Parties"), among others, are parties to that certain Amended and Restated ABL Credit Agreement, dated as of May 21, 2014 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "ABL Credit Agreement" and, together with all mortgage, security, pledge, and guaranty agreements, all notes, and all other documentation executed by any Debtor in connection with any of the foregoing, including, but not limited to, the Prepetition ABL Security Documents (defined below), the Subsidiaries Guaranty (as defined in the ABL Credit Agreement), and the Prepetition Intercreditor Agreement (defined below), each as amended, modified, restated, amended and restated, and/or supplemented from time to time, collectively, the "ABL Documents"), which provided for a revolving credit facility, including a letter of credit facility and a swingline facility, with aggregate commitments of $900 million (collectively, the "ABL Facility"). Pursuant to the ABL Documents, each of BI-LO, Holdings and each Subsidiary Guarantor (as defined in the ABL Credit Agreement, and together with BI-LO and Holdings, the "Prepetition ABL Credit Parties") has provided an unconditional joint and several guaranty of the Guaranteed Obligations (as defined in the ABL Credit Agreement).

(b) Pursuant to the ABL Documents, each of the Prepetition ABL Credit Parties pledged to the ABL Agent, for itself and the other ABL Secured Parties, substantially all of its assets and property (the "Prepetition ABL Collateral") as security for the repayment of the Prepetition ABL Obligations owed by the Prepetition ABL Credit Parties, pursuant to (x) that certain Security Agreement, dated as of March 9, 2012 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "Prepetition ABL Security Agreement") made by the Prepetition ABL Credit Parties in favor of the ABL Agent, and (y) the other Security Documents (as defined in the ABL Credit Agreement, and together with the Prepetition ABL Security Agreement, the "Prepetition ABL Security Documents").

(ii) **Prepetition Treasury Services**.

(a) Winn-Dixie Stores, Inc. ("Winn-Dixie") and Wells Fargo Bank National Association (in such capacity, the "Treasury Bank") are party to that certain Master Agreement for Treasury Management Services (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "Treasury Services Agreement," and together with all mortgage, security, pledge, and guaranty agreements, any notes, and all other documentation executed by any Debtor in connection with any of the foregoing, including, but not limited to, the Prepetition ABL Security Documents, the Prepetition Intercreditor Agreement, and the Subsidiaries Guaranty (as defined in the ABL Credit Agreement), each as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "Treasury Services Documents"). Pursuant to the Treasury Services Documents, the Treasury Bank agreed to provide certain treasury, depository and cash management services (collectively, the "Treasury Services") to Winn-Dixie, including automated clearinghouse ("ACH") advances (the "Treasury Exposure") and ACH transfers of funds.

(b) Pursuant to the Treasury Services Documents, each of the Prepetition ABL Credit Parties (x) pledged to the ABL Agent for the benefit of the Treasury Bank, all of the Prepetition ABL Collateral as security for the repayment of the Prepetition Treasury Services Obligations (defined below) owed by the Prepetition ABL Credit Parties and (y) guaranteed on a joint and several basis to the Treasury Bank the payment of the Prepetition Treasury Services Obligations.

(iii) **9.250% Senior Secured Notes**.

(a) Pursuant to that that certain Indenture, dated as of February 3, 2011 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "Secured Notes Indenture" and, together with all mortgage, security, pledge and guaranty agreements, all notes, and all other documentation executed by any Debtor in connection with any of the foregoing, including, but not limited to, the Security Agreement (as defined in the Secured Notes Indenture), all other Security Documents (as defined in the Secured Notes Indenture), and the Prepetition Intercreditor Agreement, each as amended, modified, restated, amended and restated, and/or supplemented from time to time, collectively the "Secured Notes Documents"), among BI-LO and BI-LO Finance Corp. ("BI-LO Finance"), as issuers, Wilmington Savings Fund Society, FSB, as successor trustee and collateral agent (in such capacities, collectively, the "Secured Notes Agent" and, together with the ABL Agent, the "Prepetition Agents"), and the Guarantors (as defined in the Secured Notes Indenture, and together with BI-LO and BI-LO Finance, collectively, the "Prepetition Notes Credit Parties"), BI-LO and BI-LO Finance issued 9.250% Senior Secured Notes due 2019 (the "Secured Notes," and the holders thereof, the "Prepetition Secured Noteholders," and together with the Secured Notes Agent and all other parties to whom Prepetition Secured Notes Obligations (defined below) may be owed, the "Notes Secured Parties," and collectively with the ABL Secured Parties and the Treasury Bank, the "Prepetition Secured Parties"), in an aggregate principal amount of $425 million.

(b) Pursuant to the Secured Notes Documents, (x) each of the Prepetition Notes Credit Parties pledged to the Secured Notes Agent, for itself and the other Notes Secured Parties, substantially all of its assets and property (the "Prepetition Notes Collateral," and together with the Prepetition ABL Collateral, the "Prepetition Collateral") as security for the repayment of the Prepetition Secured Notes Obligations owed by the Prepetition Notes Credit Parties and (y) each Guarantor (as defined in the Secured Notes Indenture) has provided an unconditional joint and several guaranty of all obligations of BI-LO and BI-LO Finance under the Secured Notes Documents.

(iv) **Intercreditor Agreement**.

The respective rights to, and remedies, payment priorities and relative priority of, the respective Prepetition Liens (defined below) on the Prepetition Collateral granted to the Prepetition Agents, on behalf of themselves and the other Prepetition Secured Parties, are set forth in that certain Intercreditor Agreement, dated as of February 3, 2011 (as amended, modified, restated, amended and restated, and/or supplemented from time to time, the "Prepetition Intercreditor Agreement" and, together with the ABL Documents, the Treasury Services Documents, and the Secured Notes Documents, the "Existing Agreements") by and between the Prepetition Agents and acknowledged and agreed to by the Prepetition ABL Credit Parties and the Prepetition Notes Credit Parties. The Prepetition Intercreditor Agreement remains in full force and effect.

G. **Stipulations as to Prepetition Indebtedness**. Without limiting the rights of a Committee or any other party in interest with standing, as and to the extent set forth in Paragraph 8 hereof, the Debtors permanently, immediately, and irrevocably acknowledge, represent, stipulate and agree:

(i) **Prepetition ABL Obligations**. As of the Petition Date, the Prepetition ABL Credit Parties were indebted and liable to the ABL Agent and the other ABL Secured Parties under the ABL Documents, without objection, defense, counterclaim or offset of any kind, (a) in the aggregate principal amount of (x) $385 million plus (y) $87,001,133 on account of issued and outstanding Letters of Credit (as defined in the ABL Credit Agreement), plus (b) interest accrued (before and after the Petition Date) and unpaid thereon, fees and expenses (before and after the Petition Date), reimbursement obligations, Unpaid Drawings ((as defined in the ABL Credit Agreement) which may arise under existing Letters of Credit to the extent drawn after the Petition Date), increased costs, tax gross-ups, breakage costs, indemnities, costs, and all other obligations payable under the ABL Documents, including any attorneys', accountants', consultants', appraisers' and financial and other advisors' fees that are chargeable or reimbursable under the ABL Documents (clauses (a) and (b) together, the "Prepetition ABL Obligations"), and the Prepetition ABL Obligations constitute allowed claims against the applicable Debtors' estates.

(ii) **Prepetition Treasury Services Obligations**. As of the Petition Date, the Prepetition ABL Credit Parties were indebted and liable to the Treasury Bank under the Treasury Services Documents, without objection, defense, counterclaim or offset of any kind, for the amounts due and owing from time to time under the Treasury Services Documents (the "Prepetition Treasury Services Obligations"), and the Prepetition Treasury Services Obligations constitute allowed claims against the applicable Debtors' estates. As of the Petition Date, the Debtors do not believe there are any amounts outstanding in respect of any Prepetition Treasury Services Obligations, other than fees and expenses incurred in the ordinary course of business.

(iii) **Prepetition Secured Notes Obligations**. As of the Petition Date, the Prepetition Notes Credit Parties were indebted and liable to the Secured Notes Agent and the other Notes Secured Parties under the Secured Notes Documents, without objection, defense, counterclaim or offset of any kind, (a) in the aggregate principal amount of $425 million plus (b) accrued and unpaid interest thereon, and fees, expenses, reimbursement obligations, indemnities, costs, and all other obligations payable under the Secured Notes Documents, including any attorneys', accountants', consultants', appraisers' and financial and other advisors' fees that are chargeable or reimbursable under the Secured Notes Documents (clauses (a) and (b) together, the "Prepetition Secured Notes Obligations," and together with the Prepetition ABL Obligations and the Prepetition Treasury Services Obligations, the "Prepetition Indebtedness"), and the Prepetition Secured Notes Obligations constitute allowed claims against the applicable Debtors' estates.

(iv) **Enforceability, etc. of the Prepetition Indebtedness**. The Existing Agreements and the Prepetition Indebtedness are (a) legal, valid, binding, and enforceable against each of the Prepetition ABL Credit Parties and the Prepetition Notes Credit Parties, as applicable, and (b) not subject to any contest, attack, objection, recoupment, defense, counterclaim, offset, subordination, re-characterization, avoidance or other claim, cause of action or other challenge of any kind or nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise.

(v) **Enforceability, etc. of Prepetition Liens**.

(a) Enforceability, etc. of Prepetition ABL Liens. The Liens granted by the Prepetition ABL Credit Parties under the ABL Documents (the "Prepetition ABL Liens") to or for the benefit of the ABL Agent, the other ABL Secured Parties, and the Treasury Bank as security for the Prepetition ABL Obligations and the Prepetition Treasury Services Obligations, respectively, encumber all of the Prepetition Collateral. The Prepetition ABL Liens have been properly recorded and perfected under applicable non-bankruptcy law, and are legal, valid, enforceable, non-avoidable, and not subject to contest, avoidance, attack, offset, re-characterization, subordination or other challenge of any kind or nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise, except to the limited extent of certain liens asserted by the Prepetition Secured Parties as to the assets of Winn-Dixie Logistics, LLC and Winn-Dixie Raleigh, LLC. As of the Petition Date, and without giving effect to this Interim Order, the Debtors are not aware of any liens on or security interests in the Prepetition Collateral having priority over the Prepetition ABL Liens, except (x) any Senior Third Party Prepetition Permitted Liens (defined below) and (y) solely with respect to the Senior Secured Notes Priority Collateral (as defined in the Prepetition Intercreditor Agreement), the Prepetition Secured Notes Liens (defined below), and, for the avoidance of doubt, the Prepetition ABL Liens in favor of the ABL Secured Parties and the Treasury Bank, respectively, remain subject to the payment priority in favor of the ABL Secured Parties set forth in Section 7.4 of the Prepetition ABL Security Agreement. The Prepetition ABL Liens were granted to or for the benefit of the ABL Agent, the other ABL Secured Parties and the Treasury Bank for fair consideration and reasonably equivalent value, and were granted contemporaneously with the making of the loans and/or commitments and other financial accommodations secured thereby.

(b) Enforceability, etc. of Prepetition Notes Liens. The Liens granted by the Prepetition Notes Credit Parties under the Secured Notes Documents (the "Prepetition Secured Notes Liens," and together with the Prepetition ABL Liens, the "Prepetition Liens") to or for the benefit of the Secured Notes Agent and the other Notes Secured Parties as security for the Prepetition Secured Notes Obligations encumber all of the Prepetition Collateral. The Prepetition Secured Notes Liens have been properly recorded and perfected under applicable non-bankruptcy law, and are legal, valid, enforceable, non-avoidable, and not subject to contest, avoidance, attack, offset, re-characterization, subordination, or other challenge of any kind or nature under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise, except to the limited extent of certain liens asserted by the Prepetition Secured Parties as to the assets of Winn-Dixie Logistics, LLC and Winn-Dixie Raleigh, LLC. As of the Petition Date, and without giving effect to this Interim Order, the Debtors are not aware of any liens on or security interests in the Prepetition Collateral having priority over the Prepetition Secured Notes Liens, other than (x) any Senior Third Party Prepetition Permitted Liens and (y) solely with respect to the ABL Priority Collateral (as defined in the Prepetition Intercreditor Agreement), the Prepetition ABL Liens. The Prepetition Secured Notes Liens were granted to or for the benefit of the Secured Notes Agent and the other Notes Secured Parties for fair consideration and reasonably equivalent value, and were granted contemporaneously with the making of the loans and/or commitments and other financial accommodations secured thereby.

(vi) **Indemnity.** The ABL Agent, the Secured Notes Agent, the Treasury Bank and the other Prepetition Secured Parties have acted in good faith, and without negligence or violation of public policy or law, in respect of all actions taken by them in connection with or related in any way to negotiating, implementing, documenting or obtaining the requisite Court approval for the use of Cash Collateral, including in respect of the granting of the Adequate Protection Liens, any challenges or objections to the use of Cash Collateral, and all documents related to and all transactions contemplated by the foregoing. Accordingly, each of the Prepetition Secured Parties shall be and hereby are indemnified and held harmless by the Debtors in respect of any claim or liability incurred in respect thereof or in any way related thereto thereto (including reasonable attorneys' and consultants' fees and disbursements). No exception or defense in contract, law or equity exists as to any obligation set forth, as the case may be, in this subparagraph G(vi) and in the Existing Agreements to indemnify and/or hold harmless the

ABL Agent, the Secured Notes Agent, the Treasury Bank or any other Prepetition Secured Party and any such defenses are hereby waived.

(vii) **No Claims, Defenses or Causes of Action**. As of the date hereof, there exist no claims, defenses or causes of action against any of the ABL Agent, the Secured Notes Agent, the Treasury Bank or any of the other Prepetition Secured Parties with respect to, in connection with, related to, or arising from any of the Existing Agreements, respectively, or any of the transactions contemplated thereunder, that may be asserted by the Debtors or any other person or entity.

(viii) **Release**. The Debtors forever and irrevocably release, discharge, and acquit each former, current and future Prepetition Secured Party, and each of their respective former, current and future officers, employees, directors, agents, representatives, owners, members, partners, financial and other advisors and consultants, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors and successors in interest of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, rights, assertions, allegations, actions, suits, controversies, proceedings, losses, damages, injuries, attorneys' fees, costs, expenses, or judgments of every type, whether known, unknown, asserted, unasserted, suspected, unsuspected, accrued, unaccrued, fixed, contingent, pending or threatened including, without limitation, all legal and equitable theories of recovery, arising under common law, statute or regulation or by contract, of every nature and description, arising out of, in connection with, or relating to the Existing Agreements and/or the transactions contemplated hereunder or thereunder including, without limitation, (a) any and all so-called "lender liability" or equitable subordination claims or defenses, (b) any and all claims and causes of action arising under the

Bankruptcy Code, and (c) any and all claims and causes of action with respect to the validity, priority, perfection or avoidability of the liens or claims of, or for the benefit of, the ABL Agent, the Secured Notes Agent, the Treasury Bank and each other Prepetition Secured Party.

H. **No Control**. None of the ABL Agent, the Secured Notes Agent, the Treasury Bank or any other Prepetition Secured Party is a control person or insider of the Debtors or any of their affiliates by virtue of any of the actions taken with respect to, in connection with, related to, or arising from the Existing Agreements or the transactions contemplated thereunder or hereunder.

I. **Necessity of Relief Requested**. The Debtors have requested immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2), and good cause has been shown for entry of this Interim Order. An immediate need exists for the Debtors to use the Cash Collateral in order to continue operations and administer and preserve the value of their estates pending a restructuring of the Debtors' assets and property pursuant to an agreed restructuring process. The ability of the Debtors to finance their operations, to preserve and maintain the value of the Debtors' assets and to maximize the return for all creditors requires the Debtors to be able to use Cash Collateral and to continue to have access to such liquidity. In the absence of the availability of such liquidity in accordance with the terms hereof, the continued operation of the Debtors' businesses would not be possible, and serious and irreparable harm to the Debtors and their estates and creditors would occur. Thus, the ability of the Debtors to preserve and maintain the value of their assets and maximize the return for creditors requires the availability of working capital from the use of Cash Collateral. Furthermore, the terms of the use of Cash Collateral, including the grant of adequate protection and the other rights and benefits of the parties set forth in this Interim Order, are fair and reasonable, and the product of arms' length negotiations, and reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties. Accordingly, entry of this Interim Order is in the best interests of the Debtors, their respective estates and their creditors and other parties-in-interest.

J. **Use of Cash Collateral**. All Cash Collateral and all proceeds of the Prepetition Collateral and the Adequate Protection Collateral, shall only be used for: (i) working capital; (ii) other general corporate purposes of the Debtors; (iii) the satisfaction of the costs and expenses of administering the Cases, including, without limitation, payment of any prepetition obligations that are necessary to preserve the value of the Debtors' estates to the extent approved by the Court; and (iv) Adequate Protection Payments, and for no other purpose, and shall only be used and/or applied in accordance with the terms and conditions of this Interim Order, including, without limitation, the Budget (subject to any Permitted Variance (defined below)).

K. **Adequate Protection for the Prepetition Secured Parties**. The Prepetition Secured Parties have negotiated in good faith regarding the Debtors' use of the Prepetition Collateral (including the Cash Collateral) to fund the administration of the Debtors' estates and continued operation of their businesses, in accordance with the terms hereof. The Prepetition Secured Parties have agreed to permit the Debtors to use the Prepetition Collateral, including the Cash Collateral, and the ABL Lenders have agreed to permit the ABL L/C Renewals (defined below), in each case in accordance with the terms of this Interim Order (including, without limitation, the Budget (subject to any Permitted Variance)), subject to the terms and conditions set forth herein, including the protections afforded parties acting in "good faith" under Section 363(m) of the Bankruptcy Code. The ABL Agent and the other ABL Secured Parties, the Secured Notes Agent and the other Notes Secured Parties, and the Treasury Bank, respectively, are entitled to the adequate protection as and to the extent set forth herein pursuant to Sections

361, 362 and 363 of the Bankruptcy Code. Based on the Motion and on the record presented to the Court at the Interim Hearing, the terms of the proposed adequate protection arrangements and of the use of the Prepetition Collateral (including the Cash Collateral) are fair and reasonable, reflect the Debtors' prudent exercise of business judgment and constitute reasonably equivalent value and fair consideration for the Prepetition Secured Parties' consent thereto; provided that nothing in this Interim Order shall prejudice, limit or otherwise impair the rights of the ABL Agent, for the benefit of the ABL Secured Parties, the Secured Notes Agent, for the benefit of the Notes Secured Parties, or the Treasury Bank to seek new, different or additional adequate protection under any circumstances, subject in each case to the terms of the Prepetition Intercreditor Agreement and the Prepetition ABL Security Agreement.

L. **Section 552**. Subject to the entry of the Final Order, the ABL Agent, each other ABL Secured Party, the Secured Notes Agent, each other Notes Secured Party, and the Treasury Bank are each entitled to all of the rights and benefits of Section 552(b) of the Bankruptcy Code, and the "equities of the case" exception shall not apply to any of the Prepetition Secured Parties with respect to proceeds, product, offspring or profits of any of the Prepetition Collateral.

NOW, THEREFORE, on the Motion of the Debtors and the record before the Court with respect to the Motion, including the record made during the Interim Hearing, and with the consent of the Debtors, and the Prepetition Secured Parties, and good and sufficient cause appearing therefor,

IT IS ORDERED that:

1. **Motion Granted.** The Motion is granted on an interim basis in accordance with the terms and conditions set forth in this Interim Order. Any objections to the Motion with

respect to entry of this Interim Order to the extent not withdrawn, waived or otherwise resolved, and all reservation of rights included therein, are hereby denied and overruled.

2. **Authorization to Use Cash Collateral**. The Debtors are authorized to use the Cash Collateral, and to effect ABL L/C Renewals, from the period beginning on the Petition Date until the occurrence of the Termination Date (defined below), in each case subject to the terms and conditions of this Interim Order and to the adequate protection granted to or for the benefit of the respective Prepetition Secured Parties as set forth herein, and in accordance with the 13-week cash flow forecast of cash receipts and disbursements of the Debtors on a consolidated basis for the period commencing on the Petition Date, attached as **Exhibit A** to this Interim Order (the "Initial Budget," and as such budget may be updated and/or modified from time to time by the Debtors as provided in Paragraph 4 hereto, the "Budget").

3. **Adequate Protection for Prepetition Secured Parties**. As adequate protection for the respective interests of the ABL Agent and the other ABL Secured Parties, the Secured Notes Agent and the other Notes Secured Parties, and the Treasury Bank in the Prepetition Collateral (including Cash Collateral), solely to the extent of, and in an aggregate amount equal, in each case, to, the diminution in value of such interests, from and after the Petition Date, resulting from, among other things, the use, sale or lease by the Debtors of the Prepetition Collateral (including the use of Cash Collateral) and the imposition or enforcement of the automatic stay of Section 362(a) (collectively, "Diminution in Value") (and, solely in the case of the Treasury Bank, also to the extent of, any postpetition Treasury Exposure), the ABL Agent, for the benefit of the ABL Secured Parties, the Secured Notes Agent, for the benefit of the Notes Secured Parties, and the Treasury Bank shall each receive the following (collectively, the "Adequate Protection Obligations"):

(a) **Replacement Liens**. Each of the ABL Agent, for the benefit of the ABL Secured Parties and the Treasury Bank, and the Secured Notes Agent, for the benefit of the Notes Secured Parties, is hereby granted, pursuant to Sections 361 and 363(e) (and, in the case of the Treasury Bank, solely with respect to any Treasury Exposure, also Section 364) of the Bankruptcy Code, replacement security interests in and liens upon (the "Replacement Liens") all of the Debtors' postpetition property which, but for the commencement of the Cases, would constitute Prepetition Collateral (the "Replacement Collateral"), in the relative priorities set forth in Paragraph 3(c) hereof; provided that (other than with respect to the relative priorities between and among the Prepetition Secured Parties in accordance with Paragraph 3(c) hereof) the Replacement Liens shall in each case be subject and subordinate only to (i) the Carve-Out, (ii) any Prepetition Permitted Liens (defined below) that exist on, and are legal, valid, binding, enforceable, perfected, and non-avoidable, as of the Petition Date and are permitted to be senior to the Prepetition Liens (as applicable) pursuant to applicable Existing Agreements, and (iii) any Prepetition Permitted Liens in existence immediately prior to the Petition Date that are legal, valid, enforceable, binding and non-avoidable, and are perfected after the Petition Date as permitted by Section 546(b) of the Bankruptcy Code, and which are permitted to be senior to the Prepetition Liens pursuant to applicable Existing Agreements, and in each case not including the Prepetition Liens or the Adequate Protection Liens (such liens described in clauses (ii) and (iii), collectively, and not including any Prepetition Liens or Adequate Protection Liens, the "Senior Third Party Prepetition Permitted Liens").

(b) **Additional Liens**. Each of the ABL Agent, for the benefit of the ABL Secured Parties and the Treasury Bank, and the Secured Notes Agent, for the benefit of the Notes Secured Parties, is hereby also granted additional liens on and security interests in (collectively, the "Additional Liens" and, together with the Replacement Liens, the "Adequate Protection Liens"), all tangible and intangible property of the Debtors other than the property set forth in Paragraph 3(a) above, whether existing on or as of the Petition Date or thereafter acquired, subject only to (i) the Carve-Out, (ii) any legal, valid, binding, enforceable, perfected, and non-avoidable liens in existence on or as of the Petition Date and (iii) any legal, valid, binding, enforceable, and non-avoidable liens that are perfected after the Petition Date as permitted by Section 546(b) of the Bankruptcy Code (collectively, the "Additional Collateral" and, together with the Replacement Collateral, the "Adequate Protection Collateral"), with the relative priorities set forth in Paragraph 3(c) hereof; provided that the Additional Liens shall not attach to any avoidance actions or claims under Sections 502(d), 544, 545, 547, 548, 549, 550, or 553 of the Bankruptcy Code or any other avoidance actions under the Bankruptcy Code or applicable state law (collectively, the "Avoidance Actions"); and provided further, that, upon entry of the Final Order, the Additional Liens shall attach to all proceeds of Avoidance Actions.

(c) **Priority of Adequate Protection Liens**. The priority of the Adequate Protection Liens on the Adequate Protection Collateral is as set forth below:

(I) in the case of the Replacement Collateral which, but for the commencement of the Cases, would constitute ABL Priority Collateral, first priority to the Replacement Liens in favor of the ABL Secured Parties and the Treasury Bank, subject to the payment priority in favor of the ABL Secured Parties set forth in Section 7.4 of the Prepetition ABL Security Agreement, and second priority to the Replacement Liens in favor of the Notes Secured Parties;

(II) in the case of the Replacement Collateral which, but for the commencement of the Cases, would constitute Senior Secured Notes Priority Collateral, first priority to the Replacement Liens in favor of the Notes Secured Parties, second priority to the Replacement Liens in favor of the ABL Secured Parties and the Treasury Bank, subject to the payment priority in favor of the ABL Secured Parties set forth in Section 7.4 of the Prepetition ABL Security Agreement; and

(III) in the case of the Additional Collateral, the priority of the Adequate Protection Liens in favor of the ABL Secured Parties and the Treasury Bank, and in favor of the Notes Secured Parties, shall be shared on a *pari passu* basis; provided, that any proceeds of the Additional Collateral received by the ABL Secured Parties and the Treasury Bank (or by the ABL Agent on behalf of the ABL Secured Parties and the Treasury Bank) shall remain subject to the payment priority in favor of the ABL Secured Parties set forth in Section 7.4 of the Prepetition ABL Security Agreement (to be applied as if such Additional Collateral was the same as all other collateral governed by the Prepetition ABL Security Agreement).

(d) **Adequate Protection Superpriority Claims**. Each of the ABL Agent, for the benefit of the ABL Secured Parties, the Secured Notes Agent, for the benefit of the Notes Secured Parties, and the Treasury Bank is hereby granted, subject only to payment of the Carve-Out, an allowed superpriority administrative expense claim (each an "Adequate Protection Superpriority Claim" and, collectively, the "Adequate Protection Superpriority Claims") as provided for in Section 507(b) of the Bankruptcy Code, payable from and having recourse to all prepetition and postpetition property of the Debtors and all proceeds thereof, including proceeds of Avoidance Actions or property recovered under such Avoidance Actions whether by judgment, settlement, or otherwise. Subject only to the Carve-Out, and except as provided below, the Adequate Protection Superpriority Claims shall have priority over any and all administrative expenses, adequate protection claims and other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including without limitation, all administrative expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under the Bankruptcy Code, and as among the Prepetition Secured Parties, the Adequate Protection Superpriority Claims shall have the following priorities: first, the Adequate Protection Superpriority Claims of the ABL Secured Parties, second the Adequate Protection Superpriority Claims of the Treasury Bank, and third the Adequate Protection Superpriority Claims of the Notes Secured Parties. Other than the Carve-Out, no cost or expense of administration of the Cases, including, without limitation, any prepetition or postpetition claims arising under the that certain Southeastern Grocers Supply Agreement, by and between C&S Wholesale Grocers, Inc. and BI-LO, LLC, entered into on or before the Petition Date (the "C&S Supply Agreement"), shall be senior to, or *pari passu* with, any of the Adequate Protection Superpriority Claims. Notwithstanding anything to the contrary herein, nothing in this Interim Order is intended to alter, with respect to (x) the ABL Secured Parties, the Prepetition ABL Obligations and any Adequate Protection Obligations in respect of the ABL Secured Parties, on the one hand, and (y) the Treasury Bank, the Prepetition Treasury Services Obligations, any Treasury Exposure and any Adequate Protection Obligations in respect of the Treasury Bank, on the other, the payment priority in favor of the ABL Secured Parties as forth in Section 7.4 of the Prepetition ABL Security Agreement.

(e) **Adequate Protection Payments**. The respective Prepetition Secured Parties shall, as set forth below, receive from the Debtors the following payments (the payments set forth in clauses (I)-(IV) below of this Paragraph 3(e), collectively, the "Adequate Protection Payments"):

(I) The Debtors shall pay in full, in cash and in immediately available funds all accrued and unpaid amounts (whether accrued prior to or after the Petition Date) in respect of the following: to (1) the ABL Agent for (x) all reasonable and documented accrued and unpaid out-of-pocket professional fees and expenses payable to the ABL Agent pursuant to the terms of the ABL Documents (limited to White & Case LLP, one local Delaware counsel, and, if reasonably necessary, one local counsel in each relevant jurisdiction) and (y) all reasonable and documented accrued and unpaid fees and expenses of a financial or restructuring advisor retained by the ABL Agent (which fees and expenses shall also constitute Prepetition ABL Obligations secured by the Prepetition Collateral and the Adequate Protection Collateral); (2) the Secured Notes Agent for all reasonable and documented accrued and unpaid out-of-pocket professional fees and expenses payable to the Secured Notes Agent pursuant to the terms of the Secured Notes Documents (limited to Pryor Cashman LLP and one local Delaware counsel); (3) the Treasury Bank for all reasonable and documented accrued and unpaid out-of-pocket professional fees and expenses (limited to Choate Hall & Stewart LLP and one local Delaware counsel); and (4) the Ad Hoc Group for all reasonable and documented accrued and unpaid out-of-pocket professional fees and expenses (limited to Morrison & Foerster LLP, as counsel to the Ad Hoc Group, in accordance with the terms of that certain retention letter, dated as of September 26, 2017, and one local Delaware counsel). None of the fees and expenses payable pursuant to this Paragraph 3(e)(I) shall be subject to the Budget, or to approval by this Court (but this Court shall resolve any dispute as to the reasonableness of such fees and expenses). The Prepetition Agents, the Treasury Bank, the Ad Hoc Group, and their respective professionals and advisors, as set forth in the foregoing clauses (1) through (4), shall not be required to comply with the U.S. Trustee fee guidelines or file any fee applications with the Court with respect to any fees or expenses payable pursuant to this Paragraph 3(e)(I). The Debtors shall pay the reasonable and documented accrued and unpaid out-of-pocket professional fees and expenses provided for in this Paragraph 3(e)(I), (x) promptly upon the entry of this Interim Order in the full amounts set forth in any outstanding invoices received by the Debtors at least two (2) days prior to the entry of this Interim Order (provided that any such unpaid invoices as of the Petition Date are provided to the U.S. Trustee), and (y) thereafter, within ten (10) days following the presentment of any invoices therefor to the Debtors, counsel to any Committee, and the U.S. Trustee; provided, if any written objection to the reasonableness of such fees is made (with notice provided to the ABL Agent, the Secured Notes Agent, the Treasury Bank or the Ad Hoc Group, as applicable, and to the respective professional), within ten (10) days following receipt of such invoices, the Debtors shall promptly pay all amounts that are not subject to such objection, and shall pay the balance following the resolution of such objection or upon an order of this Court. The invoices shall include the number of hours billed (except for financial advisors compensated on other than an hourly basis) and a reasonably detailed description of services provided and the expenses incurred by the applicable professional; provided, however, that any such invoice may be redacted to protect privileged, confidential, or proprietary information.

(II) The Debtors shall pay in full, in cash and in immediately available funds (x) promptly upon the entry of this Interim Order, all accrued and unpaid amounts (whether accrued prior to or after the Petition Date) in respect of the following, and (y) thereafter, as and when such payments would have come due under the Existing Agreements had the Cases not been commenced: all interest, fees, and other amounts (other than principal), including Letter of Credit Fees and Facing Fees (each as defined in the ABL Credit Agreement), as applicable, which shall accrue and be payable at the rates (including, for the avoidance of doubt, with respect to interest and Letter of Credit Fees, at the highest Applicable Margins (as defined in the ABL Credit Agreement)) and times provided for in each such Existing Agreements; provided, that interest and Letter of Credit Fees on the Prepetition ABL Obligations shall be paid at the default rate provided for in Section 2.08(c) of the ABL Credit Agreement during the Cases; provided, further, that any payments set forth in this clause (II) may in each case be applied to the applicable Prepetition Secured Parties' allowed prepetition claim as payments of principal in the event that it is determined by final non-appealable order of a court of competent jurisdiction that the applicable Prepetition Secured Party is not entitled to the Adequate Protection Payments it received as adequate protection for the Diminution in Value of its respective interests in the Prepetition Collateral and that such Prepetition Secured Party is determined to be undersecured.

(III) The Debtors shall make immediate cash payments (including cash collateralization of any Letters of Credit), to the ABL Agent for the benefit of the ABL Secured Parties if for any reason and at any time the result of (w) the Borrowing Base (as defined in the ABL Credit Agreement, provided, however, that notwithstanding anything to the contrary contained in the ABL Credit Agreement or in this Interim Order or the Final Order, as applicable, the term "Borrowing Base" shall exclude all assets of Winn-Dixie Logistics, LLC and Winn-Dixie Raleigh, LLC to the extent they would otherwise be included therein) (based on the most recently delivered Cash Collateral Borrowing Base Certificate (defined below)) less (x) the Aggregate Exposure (as defined in the ABL Credit Agreement) less (y) the Post-Carve-Out Notice Cap (defined below) less (z) the Carve-Out Reserve Estimate (defined below) shall be less than $75,000,000, in an amount equal to such deficiency; which payments shall be deemed (i) permanent repayments of any Loans (as defined in the ABL Credit Agreement) and (ii) to the extent all such Loans (as defined in the ABL Credit Agreement) have been paid in full in cash, cash collateralization of any outstanding Letters of Credit.

(IV) The Debtors shall make payments in an amount equal to the Treasury Exposure as and when due under the Treasury Services Documents.

(f) Any payments made pursuant to Paragraph 3(e)(III) or Paragraph 3(e)(IV) above shall be applied, in each case, to reduce the allowed secured claims of the ABL Secured Parties or the Treasury Bank, as applicable.

(g) Without limiting any other provisions of this Interim Order, any and all Adequate Protection Payments that remain unpaid shall be paid in full in cash on the effective date of the Debtors' confirmed chapter 11 plan.

(h) Subject only to (and only to the extent of) any timely and successful Challenge (defined below), all Adequate Protection Payments and any other payments made to the ABL Agent or the other ABL Secured Parties, the Secured Notes Agent or the other Notes Secured Parties, and the Treasury Bank shall be indefeasible and irrevocable when made and free and clear of all liens and claims, including, without limitation, any claims covered by the Carve-Out.

(i) Notwithstanding anything herein to the contrary, the Adequate Protection Liens on any adequate assurance account for the benefit of utility providers granted pursuant to a Court order are subject to the rights of such utility providers as provided in such order.

4. **Budget; Reporting**.

(a) No later than the Monday of each calendar week commencing on the first Monday following the first full Week[3] after the Petition Date, the Debtors shall deliver to each of the ABL Agent, the Secured Notes Agent, and the Treasury Bank, and their respective counsel, and to counsel to the Ad Hoc Group, an updated cash flow forecast of the cash receipts and disbursements of the Debtors on a consolidated basis for the following 13-week period (the "Proposed Budget"), which shall be in form and substance reasonably satisfactory to the ABL Agent, the Secured Notes Agent, and the Treasury Bank. If no objection to the Proposed Budget is received by the Debtors from any of the ABL Agent, the Secured Notes Agent or the Treasury Bank within two (2) business days after the Debtors have delivered the Proposed Budget to the ABL Agent, the Secured Notes Agent, the Treasury Bank and counsel to the Ad Hoc Group (such period, the "Budget Objection Period"), then upon expiration of the Budget Objection Period, the Proposed Budget shall become the Budget; provided that, in the event the ABL Agent, the Secured Notes Agent or the Treasury Bank objects to the Proposed Budget during the Budget Objection Period, then the Budget in effect immediately prior to the distribution by the Debtors of the Proposed Budget shall continue to be in effect until any such objection is resolved.

(b) No later than the Monday of each calendar week commencing on the first Monday following the first full Week, the Debtors shall deliver to the ABL Agent, the Secured Notes Agent, counsel to the Ad Hoc Group and the Treasury Bank a variance report comparing, on a line item basis, actual results to the Budget for the previous individual Week on a weekly, cumulative, and four-week trailing basis.

[3] For purposes of this Paragraph 4, "Week" means the seven-day period beginning on a Thursday and ending on the following Wednesday.

(c) The Debtors shall test the Budget on the Monday following the first four (4) full Weeks on a four-week trailing basis (each such four week period, the "Budget Period") and every other Monday thereafter; provided, that, under no circumstances shall any Professional (defined below) fees and out-of-pocket expenses be tested as part of the Budget. So long as no Termination Event (defined below) has occurred, the Debtors shall be authorized to use Cash Collateral in accordance with the Budget and this Interim Order in an amount that would not cause either (x) actual disbursements to be more than fifteen-percent (15%) in excess of the disbursements included in the Budget for any Budget Period or (y) actual receipts (excluding asset sale proceeds other than ordinary course sales of inventory) to be more than twenty-percent (20%) below the receipts (excluding asset sale proceeds other than ordinary course sales of inventory) included in the Budget for any Budget Period (each, a "Permitted Variance").

(d) In addition, the Debtors shall deliver: (i) to the ABL Agent, such monthly, quarterly and annual financial statements and all field exams, appraisals and other documentation, and reports as are currently required to be delivered pursuant to the ABL Credit Agreement, as and when due or requested thereunder, or as otherwise agreed between the ABL Agent and the Debtors; and (ii) to the Secured Notes Agent, and make available to investors in accordance with the Debtors' prepetition practices, such annual and quarterly financial statements as required by Sections 4.03(a)(i) and (ii) of the Secured Notes Indenture, as and when due or requested thereunder, including any grace periods.

5. **Cash Collateral Borrowing Base Certificate**.

(a) The Debtors shall provide the ABL Agent, the Secured Notes Agent, the Treasury Bank and counsel to the Ad Hoc Group with a Borrowing Base Certificate (as defined in the ABL Credit Agreement), adjusted for the Post-Carve-Out Notice Cap and the Carve-Out

Reserve Estimate (the "Cash Collateral Borrowing Base Certificate"), (x) on the first Monday following the Petition Date and every Monday thereafter until a Termination Event occurs (showing the Borrowing Base as of the end of the immediately preceding Week (i.e., Wednesday)) and (y) at the time of the consummation of any Asset Sale (as defined in the ABL Credit Agreement) involving ABL Priority Collateral (including, for the avoidance of doubt, Replacement Collateral that would constitute ABL Priority Collateral) where the Net Sale Proceeds (as defined in the ABL Credit Agreement) attributable to (or allocable to) such ABL Priority Collateral (and such Replacement Collateral) are in excess of $2,500,000 (and with such Cash Collateral Borrowing Base Certificate to be based on the then most recently delivered Cash Collateral Borrowing Base Certificate but adjusted to exclude the ABL Priority Collateral (and/or any such Replacement Collateral) subject to such Asset Sale).

(b) In addition, with respect to any store that is (or, within the immediately succeeding Week will be) in the process of being liquidated, (i) the Cash Collateral Borrowing Base Certificate delivered the Week immediately preceding the commencement of such liquidation shall exclude 25% of the inventory at such store, (ii) the next weekly Cash Collateral Borrowing Base Certificate to be delivered shall exclude 30% of the inventory at such store, (iii) the weekly Cash Collateral Borrowing Base Certificate delivered subsequent to the one referred to in preceding clause (ii) shall exclude 50% of the inventory at such store, and (iv) the weekly Cash Collateral Borrowing Base Certificate delivered subsequent to the one referred to in preceding clause (iii) shall exclude all of the inventory located at such store; provided that pharmacy inventory shall be excluded as "inventory" for the purposes of such calculation (for the avoidance of doubt, such inventory shall not be included in the store inventory if such inventory is not being liquidated).

6. **Adequate Protection Replacement Lien Perfection**. This Interim Order shall be sufficient and conclusive evidence of the validity, perfection and priority of the Adequate Protection Liens without the necessity of filing or recording any financing statement, deed of trust, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other action to validate or perfect the Adequate Protection Liens or to entitle the Adequate Protection Liens to the priorities granted herein. Notwithstanding the foregoing, each of the ABL Agent (on behalf of the ABL Secured Parties), the Secured Notes Agent (on behalf of the Notes Secured Parties) and the Treasury Bank may, in its sole discretion, file such financing statements, mortgages, security agreements, notices of liens and other similar documents, and are hereby granted relief from the automatic stay of Section 362 of the Bankruptcy Code in order to do so, and all such financing statements, mortgages, security agreements, notices and other agreements or documents shall be deemed to have been filed or recorded at the time and on the date of the commencement of the Cases. The Debtors shall execute and deliver to the each of the ABL Agent (on behalf of the ABL Secured Parties), the Secured Notes Agent (on behalf of the Notes Secured Parties) and the Treasury Bank, respectively, all such financing statements, mortgages, security agreements, notices and other documents as any of the ABL Agent (on behalf of the ABL Secured Parties), the Secured Notes Agent (on behalf of the Notes Secured Parties) or the Treasury Bank may reasonably request to evidence, confirm, validate or perfect, or to insure the contemplated priority of, the Adequate Protection Liens. Each of the ABL Agent (on behalf of the ABL Secured Parties), the Secured Notes Agent (on behalf of the Notes Secured Parties) and the Treasury Bank, respectively may, in its sole discretion, file a photocopy of this Interim Order as a financing statement with any recording officer designated to file financing statements or with any registry

of deeds or similar office in any jurisdiction in which any Debtor has real or personal property and, in such event, the subject filing or recording officer shall be authorized to file or record such copy of this Interim Order.

7. **Priority of Adequate Protection Liens and Adequate Protection Superpriority Claims**. The Prepetition Liens, the Adequate Protection Liens and the Adequate Protection Superpriority Claims granted to the Prepetition Secured Parties herein shall not be subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under Section 551 of the Bankruptcy Code and shall not be subordinated to or made *pari passu* with any other lien, security interest or administrative claim under Section 364 of the Bankruptcy Code or otherwise.

8. **Reservation of Certain Third Party Rights and Bar of Challenges and Claims**. The stipulations, admissions, agreements, releases and waivers contained in this Interim Order, including the stipulations in Paragraph G of this Interim Order (the "Stipulations"), are and shall be irrevocably binding upon the Debtors and any of the Debtors' successors, including, without limitation, any chapter 7 or chapter 11 trustee, examiner, or other estate representative and all parties in interest and all of their respective successors in interest and assigns, including, without limitation, any Committee, unless, and solely to the extent that, a party in interest with requisite standing and authority (subject in all respects to any agreement or applicable law which may limit or affect such entity's right or ability to do so) (i) has timely commenced and properly filed an appropriate contested matter or adversary proceeding and timely filed the proper pleadings under the Bankruptcy Code and Bankruptcy Rules, including, without limitation, as required pursuant to Part VII of the Bankruptcy Rules (in each case subject to the limitations on the use of Cash Collateral herein, including the Investigation Budget (defined below)),

challenging any of the Stipulations, including those related to the amount, validity, enforceability, extent of any of the Prepetition Indebtedness or the validity, enforceability, perfection or priority of any of the Prepetition Liens, respectively, or otherwise asserting any objections, claims or causes of action on behalf of the Debtors' estates against any of the Prepetition Secured Parties relating to any of the Prepetition Indebtedness or the Prepetition Liens, respectively (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a "Challenge"), on or before the earlier to occur of (a) the seventy-fifth (75th) calendar day after the date of entry of this Interim Order (and in the case of a Committee, the sixtieth (60th) calendar day after the appointment of any Committee) or (b) subject to the entry of the Final Order, five (5) calendar days before the initial date scheduled for the hearing to consider confirmation of the *Joint Prepackaged Chapter 11 Plan of Reorganization of Southeastern Grocers, LLC and its Affiliated Debtors* (the "Plan") (the "Challenge Period Termination Date") and (ii) the Court enters judgment in favor of the plaintiff or movant in any such timely and properly commenced Challenge proceeding, and any such judgment has become final and is not subject to any further review or appeal. To the extent the Stipulations (or any of them), in each case with respect to any of the Prepetition Indebtedness, Prepetition Liens, Prepetition Agents or other Prepetition Secured Parties are (a) not subject to a Challenge timely and properly commenced prior to the Challenge Period Termination Date or (b) subject to a Challenge timely and properly commenced prior to Challenge Period Termination Date, to the extent any such Challenge does not result in a final and non-appealable judgment or order of the Court that is inconsistent with such Stipulations, then, in each case, without further notice, motion or application to, or order of, or hearing before, the Court and without the need or requirement to file any proof of claim: (a) any and all such Challenges by any party shall be deemed to be forever waived, released, and barred; and (b) all of the Stipulations and all other stipulations, waivers, releases, admissions, agreements and affirmations set forth in this Interim Order (or any not properly and timely challenged) shall be of full force and effect and shall be binding, conclusive and final on any person, entity or party in interest, including any Committee, in the Cases, and their successors and assigns, and in any Successor Case (defined below) for all purposes and shall not be subject to challenge or objection by the Committee or any other party-in-interest, including, without limitation, any trustee, responsible individual, examiner or other representative of the Debtors' estates. If any such Challenge is timely and properly commenced, the stipulations, waivers, releases, admissions, agreements and affirmations contained in this Interim Order (and in the Final Order), including the Stipulations, shall nonetheless remain binding and preclusive on the Debtors' estates, including any Committee and any other person or entity, except, and solely to the extent, that such Stipulations were specifically, expressly and successfully challenged in such timely and properly filed Challenge, as and when originally filed (ignoring any relation back principles), and determined by a final order of the Court to be disallowed. Notwithstanding anything to the contrary herein, the right to commence any Challenge under this Interim Order (or the Final Order) is only preserved as against any particular Prepetition Indebtedness, Prepetition Collateral and/or Prepetition Agent or other Prepetition Secured Party to the extent such Challenge is commenced timely and properly prior to the Challenge Period Termination Date, and solely in respect of such Prepetition Indebtedness, Prepetition Collateral, and/or Prepetition Agent or other Prepetition Secured Party that is the subject of such timely and properly commenced Challenge, and is otherwise waived as set forth in this Paragraph 8. All remedies or defenses of any party with respect to any Challenge are hereby preserved. Nothing in this Interim Order (or the Final Order) will vest or confer on any person, including any Committee, standing or authority to pursue any cause of action belonging to the Debtors or their estates, including, without limitation, any Challenge with respect to the amount, validity, or enforceability of the Prepetition Indebtedness or the validity, enforceability, perfection or priority of the Prepetition Liens, and an order of the Court (or any other court of competent jurisdiction) conferring such standing on a Committee or other party in interest shall be a prerequisite for the prosecution of a Challenge by the Committee or such other party in interest.

9. **Carve-Out**.

(a) **Carve-Out**. Subject to the terms and conditions contained in this Paragraph 9, the Prepetition Liens, the Adequate Protection Liens and the Adequate Protection Superpriority Claims, which have the relative lien and payment priorities as set forth herein, shall, in any event, in all cases be subject and subordinate to a carve-out (the "Carve-Out"), which shall be comprised of the following: (i) any fees payable to the Clerk of the Court and to the U.S. Trustee pursuant to section 1930(a) of title 28 of the United States Code; (ii) all accrued and unpaid fees and out-of-pocket expenses of each professional retained in the Cases pursuant to Sections 327, 328 or 1103 of the Bankruptcy Code by the Debtors or their estates and any Committee pursuant to an order of the Court (each, a "Professional"), incurred on or prior to the occurrence of a Carve-Out Event (defined below); (iii) after the occurrence of a Carve-Out Event, all accrued and unpaid fees and out-of-pocket expenses incurred by the Professionals in an aggregate amount for all such Professionals, including any success or transaction fees to the extent earned on or prior to the occurrence of a Carve-Out Event, not to exceed $2,500,000 (the "Post-Carve-Out Notice Cap"), and (iv) any and all reasonable fees and expenses incurred by a trustee under Section 726(b) of the Bankruptcy Code not to exceed $50,000, in each case, to the extent allowed by the Court at any time. Nothing herein shall be construed to impair the right of any party to object to the reasonableness of any fees or out-of-pocket expenses by any such Professionals or any other person or entity. For purposes hereof, a "Carve-Out Event" shall occur upon the delivery of a written notice of the occurrence and continuance of a Termination Event to (a) the Debtors, (b) the Debtors' counsel, (c) the U.S. Trustee, (d) counsel to the Committee, if any, (e) counsel to the ABL Agent, (f) counsel to the Secured Notes Agent, (g) counsel to Treasury Bank, and (g) counsel to the Ad Hoc Group (collectively, the "Carve-Out Notice Parties"), stating that a Termination Event has occurred and that the Debtors' ability to pay Professionals is now subject to the Carve-Out (a "Termination Notice"). Upon the delivery of a Termination Notice, the Debtors shall provide immediate notice by email to all Professionals informing them that a Carve-Out Event has occurred and that the Debtors' ability to pay Professionals is subject to the Carve-Out. A waiver of a Termination Event triggering a Carve-Out Event shall constitute the cancellation of such Carve-Out Event allowing the Debtors to pay allowed fees and out-of-pocket expenses of Professionals, as the same may be due and payable, without reducing the Carve-Out.

(b) **Carve-Out Reserves**. Upon delivery of a Termination Notice, the Debtors may establish a segregated reserve or escrow account (the "Carve-Out Account") in an aggregate amount (the "Carve-Out Reserve") equal to the sum of (x) the Post-Carve-Out Notice Cap, (y) all accrued and unpaid fees, disbursements, costs, and expenses of all Professionals allowed by the Court on or prior to the delivery of the Termination Notice; and (z) all other accrued and unpaid fees, disbursements, costs, and expenses of all Professionals incurred prior to the delivery of the Termination Notice as reasonably determined by a good faith estimate of the applicable Professional (subject to review by the ABL Agent, the Secured Notes Agent, and the members of the Ad Hoc Group holding at least a majority of the outstanding principal amount of Secured Notes held by all members of the Ad Hoc Group (the "Requisite Noteholders") as to the reasonableness thereof). The Debtors shall not commingle any funds contained in the Carve-Out Account and shall use such funds to pay only the Professionals' fees and out-of-pocket expenses, as and when allowed by order of the Court. To the extent the Court does not approve any of the fees and out-of-pocket expenses of a Professional that were to be paid from funds segregated as a part of the Carve-Out Reserve, or such amounts are ultimately not used for such purposes, such unused amounts shall be applied to repay the Prepetition Indebtedness (including any Adequate Protection Obligations), subject to the priorities set forth in the Prepetition Intercreditor Agreement and this Interim Order and/or the Final Order until or unless the Prepetition Indebtedness has been indefeasibly paid in full in cash, after which any excess shall be released to the Debtors. For the avoidance of doubt, the Carve-Out shall be senior to any claims arising under or relating to and liens securing the Prepetition Indebtedness, including without limitation, any administrative or superpriority claims and all forms of adequate protection liens or security interests.

10. **Investigation Budget**. Other than the Investigation Budget, which may be used solely as provided in this Paragraph 10, no portion of the Carve-Out, including the Post-Carve-Out Notice Cap, and no proceeds of any Prepetition Collateral or Adequate Protection Collateral, including the Cash Collateral, may be used, directly or indirectly, to (i) pay any professional fees or expenses incurred in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings, or other litigation against any of the Prepetition Secured Parties; (ii) contest, or raise any defense to the validity, perfection, priority, extent, or enforceability of any amount due under this Interim Order (or the Final Order) or the Existing Agreements or the

liens or claims granted under this Interim Order (or the Final Order) or the Existing Agreements; (iii) assert any claims or defenses or any other causes of action against any of the Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys, or advisors, including formal discovery proceedings in anticipation thereof; (iv) prevent, hinder, or otherwise delay the Prepetition Secured Parties' assertion, enforcement, or realization on the Adequate Protection Collateral or the Prepetition Collateral in accordance with the Existing Agreements or this Interim Order; (v) seek to modify any of the rights granted to the Prepetition Secured Parties hereunder or under the Existing Agreements, in the case of each of the foregoing clauses (i) through (v), without the consent of the ABL Agent on behalf of the ABL Secured Parties, the Secured Notes Agent on behalf of the Notes Secured Parties, and/or the Treasury Bank, as applicable; or (vi) pay any amount on account of any claims arising prior to the Petition Date unless such payments are (x) approved by an order of the Court and (y) permitted under this Interim Order. Notwithstanding the foregoing, the Committee, if any, and its advisors may investigate (but not prepare, initiate or prosecute), prior to the Challenge Period Termination Date, the Prepetition Liens and any causes of action in connection therewith at an aggregate expense for such investigation not to exceed $25,000 (the "Investigation Budget").

11. **Payment of Compensation**. Nothing herein shall be construed as a consent to the allowance of any professional fees or expenses of any of the Debtors or any Committee or shall limit or otherwise affect the right of the Prepetition Secured Parties to object to the allowance and payment of any such fees and expenses. So long as no Termination Event exists, the Debtors shall be permitted to pay compensation and reimburse expenses allowed and payable

under Sections 330 and 331 of the Bankruptcy Code, as the same may be due and payable and the same shall not reduce the Carve-Out.

12. **Section 506(c) Claims**. Subject to and effective upon the entry of the Final Order, except to the extent of the Carve-Out (solely to the extent expressly set forth herein), as a further condition of the Debtors' authorization to use the Cash Collateral, no costs or expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged or assessed against or recovered from the Prepetition Secured Parties, the Adequate Protection Collateral, or the Prepetition Collateral pursuant to Section 506(c) of the Bankruptcy Code or any similar principle of law. No action, inaction, or acquiescence by the Prepetition Secured Parties, including permitting the use of Cash Collateral to fund the Debtors' ongoing operations, shall be construed as consent to a charge, lien, assessment or claim against, or in respect of, the Adequate Protection Collateral or the Prepetition Collateral pursuant to Section 506(c) of the Bankruptcy Code or otherwise.

13. **Section 552**. Subject to and effective upon the entry of a Final Order, the "equities of the case" exception under Section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Secured Parties with respect to (i) proceeds, products, offspring, or profits of any of the Prepetition Collateral, including the Cash Collateral, or (ii) the extension of the Adequate Protection Liens to cover proceeds of the Prepetition Collateral.

14. **Survival of Certain Provisions**. In the event of the entry of any order converting any of these Cases into a Successor Case, the Adequate Protection Liens and the Adequate Protection Superpriority Claims shall continue in these proceedings and in any Successor Case, and/or upon the dismissal of any of the Cases or any Successor Case, and such Adequate

Protection Liens and Adequate Protection Superpriority Claims shall maintain their respective priorities as provided by this Interim Order and shall be valid and enforceable against any trustee or any other estate representative elected or appointed in the Cases, or in any Successor Case. For purposes hereof, a "Successor Case" shall mean any successor cases to the Cases, including, but not limited to, any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Cases, or in any other proceedings relating to any of the Cases.

15. **Termination Events**. The Debtors' right to use Cash Collateral shall automatically terminate (the date of such termination, the "Termination Date"), without further notice or court proceeding, on the earliest to occur of any of the events set forth below (each such event, a "Termination Event"), in each case unless waived in writing by the ABL Agent, the Secured Notes Agent, and the Treasury Bank:

(a) the date that is one hundred fifty (150) calendar days from the Petition Date;

(b) the date that is thirty-five (35) calendar days following the date of entry of this Interim Order if the Final Order, in form and substance acceptable to the ABL Agent, the Secured Notes Agent, and, solely insofar as such order relates to the Treasury Services or Treasury Exposure, the Treasury Bank, and which includes, without limitation, a waiver under Section 506(c) of the Bankruptcy Code for the Prepetition Secured Parties (such order, the "Final Order") has not been entered by the Court on or prior to such date;

(c) this Interim Order (unless replaced by the Final Order, in which case, the Final Order) ceases to be in full force and effect for any reason;

(d) the termination of that certain Restructuring Support Agreement, dated as of March 15, 2018 (as amended, modified, restated, amended and restated and/or supplemented in accordance with its terms, the "Restructuring Support Agreement"), by and between, among others, the Debtors and certain consenting creditors;

(e) (A) the termination of (i) the C&S Supply Agreement (as in effect on the Petition Date) or (ii) the Chapter 11 Extended Credit Terms (as defined in the C&S Supply Agreement); provided that, in each case (i) and (ii), notice shall be delivered to the ABL Agent, the Secured Notes Agent, the Requisite Noteholders, and the Treasury Bank, or (B) the Chapter 11 Extended Credit Terms shall not be in effect within five (5) business days of the Petition Date;

(f) the Restructuring Support Agreement or the Plan shall have been modified or amended in a manner that is materially inconsistent with the terms of this Interim Order or the Final Order, as applicable, and adverse to the interests of (i) the ABL Agent and the other ABL Secured Parties, (ii) the Secured Notes Agent and the other Notes Secured Parties, or (iii) the Treasury Bank;

(g) the Court shall not have entered the Confirmation Order (as defined in the Plan) by the date that is one hundred (100) calendar days from the Petition Date;

(h) the failure of the Debtors to make any Adequate Protection Payments to the Prepetition Secured Parties as and when due, and such failure to comply shall continue unremedied for more than one (1) business day;

(i) the failure of the Debtors to comply in any material respect with a provision of this Interim Order or the Final Order (as applicable), including the Budget (subject to any Permitted Variance);

(j) at any time, the result of the following shall be less than or equal to $0: (w) the Borrowing Base (based on the most recently delivered Cash Collateral Borrowing Base

Certificate) less (x) the Aggregate Exposure (as defined in the ABL Credit Agreement) less (y) the sum of (i) the Post-Carve-Out Notice Cap and (ii) the estimate of all accrued or incurred and unpaid fees, disbursements, and costs of all Professionals as set forth in the Budget (such estimate shall be solely for the purpose of the calculations in this Paragraph 15(j) and Paragraph 3(e)(III) herein and for preparing the Cash Collateral Borrowing Base Certificate, the "Carve-Out Reserve Estimate"); provided that the ABL Agent retains the right to challenge the reasonableness of the calculation of such Carve-Out Reserve Estimate set forth in the Budget, less (z) so long as the Treasury Bank continues to make ACH advances to the Debtors or any such advances remain outstanding, the Maximum Treasury Exposure (defined below);

(k) the dismissal of any of the Cases, the conversion of any Case to a case under chapter 7 of the Bankruptcy Code, the appointment in any Case of a trustee or examiner with expanded powers under chapter 11 of the Bankruptcy Code, the Court shall abstain from hearing any of the Cases in accordance with Section 305 of the Bankruptcy Code, or any of the Debtors shall file a motion or other pleading, or support any motion or other pleading filed by any other party, seeking any of the foregoing relief;

(l) an order of the Court is entered (or any of the Debtors shall seek an order) reversing, staying, vacating, or otherwise amending, supplementing, or modifying this Interim Order or the Final Order without the prior written consent of the ABL Agent, the Secured Notes Agent, and the Treasury Bank;

(m) the Debtors shall create, incur, or suffer to exist any postpetition liens or security interests on any Adequate Protection Collateral other than: (i) those specified herein or (ii) any lien incurred in the ordinary course of business that is (A) a Permitted Lien (as defined in the ABL Credit Agreement) and (B) a Permitted Lien (as defined in the Secured Notes Indenture) (collectively, the "Prepetition Permitted Liens");

(n) other than with respect to the Carve-Out, the Debtors shall create, incur, or suffer to exist any claim or lien *pari passu* with or senior to the Adequate Protection Liens or the Adequate Protection Superpriority Claims while any portion of the Prepetition Indebtedness or the Adequate Protection Obligations remain outstanding, or the Court shall grant any application by any party seeking payment of any claim on a superpriority administrative claim basis *pari passu* with or senior to the Adequate Protection Superpriority Claims, without the consent of the ABL Agent, the Secured Notes Agent, and the Treasury Bank;

(o) the Adequate Protection Liens or the Adequate Protection Superpriority Claims shall cease to be valid, perfected, and enforceable in all respects or the filing by any Debtor of any motion, pleading, application, or adversary proceeding challenging the validity, enforceability, perfection, or priority of the Prepetition Liens securing the Prepetition Indebtedness or asserting any other cause of action against and/or with respect to the Prepetition Indebtedness, any Prepetition Secured Party's claim in respect of such Prepetition Indebtedness, or the Prepetition Collateral securing such Prepetition Indebtedness (or if the Debtors support any such motion, pleading, application, or adversary proceeding commenced by any third party);

(p) the Debtors shall file or the Court shall grant any application, motion or borrowing request seeking to: (i) incur, without the consent of the ABL Agent, the Secured Notes Agent and the Treasury Bank, any indebtedness from any party secured by a lien on, or, except for the Carve-Out, otherwise having a claim against or recourse to, as the case may be, the Debtors, the Prepetition Collateral or the Adequate Protection Collateral, unless such liens or claims are junior and subordinated in all respects to the Prepetition Liens, the Prepetition

Indebtedness, the Adequate Protection Liens, and the Adequate Protection Superpriority Claims; or (ii) use Cash Collateral on a nonconsensual basis;

(q) the entry of an order by the Court or any other court having jurisdiction to do so granting relief from or modifying the automatic stay applicable under Section 362 of the Bankruptcy Code or otherwise allowing a holder or holders of any liens or security interests, to foreclose or otherwise realize upon their liens or security interests in any Adequate Protection Collateral or Prepetition Collateral having a value in the aggregate greater than $1,500,000;

(r) the Debtors' exclusive right to file and solicit acceptance of a chapter 11 plan of reorganization terminates;

(s) the entry of an order by the Court or any other court having jurisdiction to do so (i) authorizing the sale of all or substantially all of any Debtor's assets that does not also require the concurrent satisfaction of the Prepetition Indebtedness in cash in full or (ii) except with respect to the stores disclosed in writing to the ABL Agent and the Secured Notes Agent prior to the Petition Date, authorizing the sale, liquidation, closure or other disposition of more than one hundred fifty (150) stores in the aggregate without the prior written consent of the ABL Agent and the Secured Notes Agent;

(t) any Debtor shall make any material payment (including any Adequate Protection Payment) on or in respect of any prepetition obligations other than, in accordance with the Budget (subject to any Permitted Variance), including pursuant to this Interim Order or any other interim or final order entered with respect to the Debtors' "first day" motions (it being understood that any such motions and orders must be in form and substance reasonably acceptable to the ABL Agent, the Secured Notes Agent, and the Requisite Noteholders); or

(u) the entry of an order by the Court or any other court having jurisdiction to do so avoiding or requiring repayment or disgorgement of any portion of the Adequate Protection Payments made by the Debtors hereunder.

16. **Remedies Upon a Termination Event**.

(a) Upon the occurrence or continuation of a Termination Event, unless such Termination Event has been waived in writing by each of the ABL Agent, the Secured Notes Agent and the Treasury Bank, then, without further order or relief from the Court: (i) the Debtors' authority to use Cash Collateral shall automatically terminate, (ii) the Treasury Bank may terminate all ACH funding, to the extent not previously terminated, and (iii) four (4) business days following delivery of a Termination Notice (the "Waiting Period") via electronic mail and facsimile by the ABL Agent, the Secured Notes Agent, and/or the Treasury Bank to the Carve-Out Notice Parties the automatic stay under Section 362 of the Bankruptcy Code shall, without further order or authorization of the Court, be automatically vacated and modified to the extent necessary to permit the ABL Agent, the Secured Notes Agent, and the Treasury Bank to exercise all rights and remedies against the Adequate Protection Collateral and the Prepetition Collateral (including the Cash Collateral) in accordance with the Existing Agreements, this Interim Order (or the Final Order (as applicable)) and applicable law. During the Waiting Period, the Debtors shall not use any Cash Collateral to pay any expenses except those which are necessary to preserve the Debtors' going concern value, solely in accordance with the Budget (subject to any Permitted Variance) and subject to the approval of the ABL Agent, the Secured Notes Agent, and the Treasury Bank.

(b) Notwithstanding anything to the contrary in Paragraph 16(a), the Debtors may seek a hearing during the Waiting Period solely to contest whether a Termination Event has occurred or to seek Court approval of an order approving the use of Cash Collateral over the objection of the Prepetition Agents and/or Prepetition Secured Parties; provided that nothing herein shall impair the right of any party, including any Prepetition Secured Party, to object to such relief on any basis.

17. **Proofs of Claim, etc**. None of the Prepetition Secured Parties shall be required to file proofs of claim in any of the Cases or any Successor Cases for any claim allowed herein. Any order entered by the Court in relation to the establishment of a bar date for any claim (including without limitation administrative claims) in any of the Cases or any Successor Cases shall not apply to the ABL Agent, the Secured Notes Agent or the other Prepetition Secured Parties. Notwithstanding any order entered by the Court in relation to the establishment of a bar date in any of the Cases or any Successor Cases to the contrary, the ABL Agent, on behalf of itself and the ABL Secured Parties, the Treasury Bank, and the Secured Notes Agent, on behalf of itself and the Notes Secured Parties, respectively, are hereby authorized and entitled, in each of their sole and absolute discretion, but not required, to file (and amend and/or supplement, as each sees fit) a proof of claim and/or aggregate proofs of claim in each of the Cases or any Successor Cases for any claim allowed herein. For the avoidance of doubt, any such proof of claim may (but is not required to be) filed as one consolidated proof of claim against all of the Debtors, rather than as separate proofs of claim against each Debtor. Any proof of claim filed by a Prepetition Secured Party shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by any other Prepetition Secured Party.

18. **PACA / PASA**. Nothing in this Interim Order shall impair or impact any valid and documented trust claims under (i) the Perishable Agricultural Commodities Act, 7 U.S.C. §§ 499a-499t ("PACA") and (ii) the Packers and Stockyards Act of 1921 as amended, 7 U.S.C. §§

181-229 ("PASA"), and all such PACA and PASA claims may be paid by the Debtors in the ordinary course of business.

19. **Letters of Credit**. The Debtors shall be authorized to maintain and, solely to the extent subject to "auto-renewal" pursuant to the terms thereof, to renew, existing Letters of Credit issued or deemed issued under the ABL Facility prior to the Petition Date on an uninterrupted basis, in accordance with the same practices and procedures as were in effect prior to the Petition Date, in each case subject to the terms of the ABL Credit Agreement (the "ABL L/C Renewals"), and to take all actions reasonably appropriate with respect thereto; provided that no ABL Issuing Lender shall have any obligation to extend, renew, or otherwise modify any Letters of Credit, but the obligations of the parties with respect to existing Letters of Credit shall be continued without modification in accordance with their existing terms.

20. **Cash Management**. On and after the Petition Date, (x) the Debtors shall continue use of a cash management system that is the same as or substantially similar to their prepetition cash management system, (y) any material changes to the Debtors' cash management system must be acceptable to each of the Treasury Bank, the ABL Agent, and the Secured Notes Agent, in each case in their respective reasonable discretion, and (z) the Treasury Bank may continue to provide the Debtors with access to such cash management system, including by timely funding ACH transfers in accordance with and subject to the Treasury Services Documents; provided that the Treasury Bank's aggregate Treasury Exposure under the Treasury Services Documents shall not exceed $50,000,000 (the "Maximum Treasury Exposure") at any time. The Debtors are authorized to pay to the Treasury Bank a cash management fee as set forth in that certain Fee Letter, dated as of March 27, 2018, which is annexed to the Motion as Exhibit B (the "Cash Management Letter Agreement"), without notice, hearing or further order

of the Court, as, when and to the extent due and payable. The ABL Agent (on behalf of the other ABL Secured Parties, the Treasury Bank and the Notes Secured Parties) is hereby deemed to have "control" over such prepetition cash management system for all purposes of perfection under the Uniform Commercial Code. All Treasury Exposure shall be secured by (x) the Adequate Protection Collateral with the priorities set forth in Paragraph 3(c) above, and (y) the Prepetition ABL Collateral, with the lien priorities set forth in the Prepetition Intercreditor Agreement, and the payment priority in favor of the ABL Secured Parties set forth in Section 7.4 of the Prepetition ABL Security Agreement.

21. **Miscellaneous**.

(a) **Termination of Restructuring Support Agreement**. The Debtors shall promptly (and in any event within two (2) calendar days of receipt thereof) provide a copy of any termination notice delivered pursuant to the Restructuring Support Agreement to counsel to each of the ABL Agent, Secured Notes Agent and Treasury Bank.

(b) **Good Faith**. Each of the Prepetition Secured Parties have acted in good faith (including, without limitation, for the purposes of section 363(m) of the Bankruptcy Code) in connection with this Interim Order and their reliance on this Interim Order has been and is in good faith.

(c) **No Release of Guarantors.** Nothing contained in this Interim Order shall be deemed to terminate, modify or release any obligations of any non-debtor guarantor to any Prepetition Agent or any other Prepetition Secured Party with respect to their respective obligations under any of the Existing Agreements.

(d) **Binding Effect**. The provisions of this Interim Order shall be binding upon and inure to the benefit of the Prepetition Secured Parties, the Debtors, and their respective successors and assigns (including any trustee or other fiduciary hereinafter appointed as a legal representative of the Debtors or with respect to the property of the estates of the Debtors) whether in the Cases, in any Successor Cases, or upon dismissal of any such chapter 11 or chapter 7 case.

(e) **No Waiver**. The failure of any Prepetition Agent or any other Prepetition Secured Party to seek relief or otherwise exercise its rights and remedies under this Interim Order, the ABL Documents, the Secured Notes Documents or the Treasury Services Documents, or otherwise, as applicable, shall not constitute a waiver of any of the Prepetition Secured Parties' respective rights hereunder, thereunder, or otherwise. Notwithstanding anything herein, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair any of the rights, claims, privileges, objections, defenses or remedies of the Prepetition Secured Parties under the Bankruptcy Code or under non-bankruptcy law against any other person or entity in any court.

(f) **Modification of Automatic Stay.** The automatic stay under Bankruptcy Code section 362(a) is hereby modified as necessary to effectuate all of the terms and provisions of this Interim Order, including, without limitation, to: (a) permit the Debtors to grant the Adequate Protection Liens and incur the Adequate Protection Superpriority Claims; (b) permit the Debtors to perform such acts as may be needed to assure the perfection and priority of the liens granted herein; (c) permit the Debtors to incur all liabilities and obligations under the terms of this Interim Order; (d) permit the ABL Agent to take any actions (including implementing and/or modifying any Reserves (as defined in the ABL Credit Agreement)) necessary to effect any adjustments to the Borrowing Base in accordance with this Interim Order and the ABL

Documents, and (e) authorize the Debtors to pay, and the respective Prepetition Agents to retain and apply, any payments made in accordance with the terms of this Interim Order.

(g) **No Third Party Rights**. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, third party or incidental beneficiary.

(h) **Intercreditor Matters**. Nothing in this Interim Order shall be construed to impair or otherwise affect any intercreditor, subordination or similar agreement or arrangement in respect of the Prepetition ABL Obligations, the Prepetition Treasury Services Obligations and the Prepetition Secured Notes Obligations, including, without limitation, the Prepetition Intercreditor Agreement, which, in each case, were negotiated at arms' length among commercially sophisticated parties, comprise an integral part of the ABL Facility, the Treasury Services Agreement and the Secured Notes (and the use of Cash Collateral), as the case may be, and are enforceable to the fullest extent provided by Section 510(a) of the Bankruptcy Code and applicable law.

(i) **No Marshaling**. None of the ABL Agent, the Treasury Bank, the Secured Notes Agent or the other Prepetition Secured Parties shall be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the Adequate Protection Collateral or the Prepetition Collateral, as applicable.

(j) **Survival of Interim Order**. The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (i) confirming any chapter 11 plan of reorganization in the Cases, (ii) converting any of the Cases to a case under chapter 7 of the Bankruptcy Code, (iii) to the extent authorized by applicable law, dismissing any of the Cases, (iv) withdrawing of the reference of any of the Cases from the Court or (v) providing for abstention from handling or retaining of jurisdiction of any of the Cases in the Court. The terms and provisions of this Interim Order and any protections granted to or for the benefit of the Prepetition Secured Parties (including the Adequate Protection Liens and the Adequate Protection Superpriority Claim), shall continue in full force and effect notwithstanding the entry of such order, and such protections for the Prepetition Secured Parties (including the Adequate Protection Liens and the Adequate Protection Superpriority Claims) shall maintain their priority as provided by this Interim Order and the Existing Agreements (as the case may be), including any intercreditor arrangement or agreements in respect thereof (including the Prepetition Intercreditor Agreement), until all of the Prepetition Indebtedness has been indefeasibly paid and satisfied in full in cash (including the cash collateralization of all Letters of Credit in accordance with the ABL Documents) and discharged.

(k) **Enforceability**. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon execution hereof.

(l) **No Waivers or Modification of Interim Order.** The Debtors irrevocably waive any right to seek any modification or extension of this Interim Order without the prior written consent of the ABL Agent, Secured Notes Agent, and the Treasury Bank, and no such consent shall be implied by any other action, inaction or acquiescence of the ABL Agent, the Secured Notes Agent, or the Treasury Bank, respectively. This Interim Order may not be modified to alter relative lien priority of the Adequate Protection Liens.

(m) **Waiver of any Applicable Stay.** Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Interim Order.

22. **Final Hearing**.

(a) The Final Hearing to consider entry of the Final Order and final authorization for the Debtors' use of Cash Collateral is scheduled for [________ __], 2018, at [__:__] a.m. (EST) at the United States Bankruptcy Court for the District of Delaware. If no objections to the relief sought at the Final Hearing are filed and served in accordance with this Interim Order, no Final Hearing may be held, and a separate Final Order may be presented by the Debtors and entered by the Court.

(b) On or before [_________ __], 2018, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the "Final Hearing Notice"), together with copies of this Interim Order and the Motion, on the Notice Parties and to any other party that has filed a request for notices with the Court prior thereto and to any Committee after the same has been appointed, or Committee counsel, if the same shall have been appointed. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order shall file written objections with the Clerk of the Court no later than [___________ __], 2018 at [__:__] pm (EST), which objections shall be served so that the same are received on or before such date on: (i) counsel for the Debtors, (a) Weil, Gotshal & Manges LLP, 767 Fifth Avenue New York, New York 10153 (Attn: Ray C. Schrock, P.C., Matthew S. Barr, Esq., and Sunny Singh, Esq. and (b) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Daniel J. DeFranceschi Esq., Paul N. Heath, Esq., and Amanda Steele, Esq.), and (ii) the Notice Parties.

23. **Retention of Jurisdiction**. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

Dated: _______________, 2018

____
THE HONORABLE _________________________
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A
BUDGET

Southeastern Grocers
13 Week Cash Flow
($ in millions)

	Period	**P4**	**P4**	**P4**	**P5**	**P5**	**P5**	**P5**	**P6**	**P6**	**P6**	**P6**	**P7**	**P7**	
	Actual/FCST	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	**4/4/18**
	Week	14	15	16	17	18	19	20	21	22	23	24	25	26	**Through**
	Week Ending	4/4/18	4/11/18	4/18/18	4/25/18	5/2/18	5/9/18	5/16/18	5/23/18	5/30/18	6/6/18	6/13/18	6/20/18	6/27/18	**6/27/18**
	Cash Receipts														
1)	Operating Receipts	$ 204	$ 189	$ 169	$ 164	$ 168	$ 169	$ 170	$ 168	$ 176	$ 173	$ 168	$ 170	$ 163	$ 2,249
2)	Asset Sale/Other Proceeds	-	0	6	3	-	-	-	-	-	-	-	-	-	9
3)	**Total Receipts**	**204**	**190**	**174**	**167**	**168**	**169**	**170**	**168**	**176**	**173**	**168**	**170**	**163**	**2,259**
	Cash Disbursements														
4)	Operating Disbursements	(191)	(87)	(183)	(201)	(151)	(166)	(165)	(172)	(175)	(165)	(159)	(177)	(172)	(2,165)
5)	Financing Disbursements	(0)	(0)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(5)
6)	Professional Fees and Bankruptcy Related Disbursements	(2)	-	(4)	-	-	-	(4)	-	-	-	(3)	-	-	(13)
7)	**Total Disbursements**	**(193)**	**(87)**	**(188)**	**(202)**	**(151)**	**(166)**	**(169)**	**(173)**	**(175)**	**(166)**	**(163)**	**(177)**	**(173)**	**(2,183)**
8)	**Net Cash Flow**	**12**	**103**	**(14)**	**(35)**	**16**	**3**	**1**	**(5)**	**1**	**7**	**5**	**(8)**	**(10)**	**76**
9)	**Beginning Cash Balance**	**120**	**101**	**177**	**161**	**125**	**136**	**137**	**137**	**130**	**130**	**136**	**140**	**133**	**120**
10)	Net Cash Flow	12	103	(14)	(35)	16	3	1	(5)	1	7	5	(8)	(10)	76
11)	ABL Draw/(Paydown)	(30)	(27)	(3)	(0)	(5)	(2)	(0)	(2)	(1)	(1)	-	-	-	(72)
12)	**Ending Cash Balance[1]**	**$ 101**	**$ 177**	**$ 161**	**$ 125**	**$ 136**	**$ 137**	**$ 137**	**$ 130**	**$ 130**	**$ 136**	**$ 140**	**$ 133**	**$ 123**	**$ 123**

[1]Includes only excess cash available for use, Company also has additional cash in other bank accounts not available for immediate use

Exhibit B

Cash Management Letter Agreement

EXECUTION VERSION

CONFIDENTIAL

March 27, 2018

Southeastern Grocers, LLC
8928 Prominence Parkway, #200
Jacksonville, Florida 32256
Attention: Brian Carney

FEE LETTER

Ladies and Gentlemen:

On March 27, 2018, Southeastern Grocers, LLC, a Delaware limited liability company ("***Parent***") and certain of its affiliates and subsidiaries (collectively, the "***Debtors***" and each, a "***Debtor***") commenced chapter 11 cases (the "***Cases***") by filing voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the District of Delaware ("***Court***").

Debtor BI-LO Holding, LLC, a Delaware limited liability company ("***Holdings***" or "***you***"), has advised Wells Fargo Bank, National Association ("***Wells***") that Holdings intends to refinance (the "***Refinancing***") the outstanding debt of Holdings and its subsidiaries under (i) that certain Amended and Restated ABL Credit Agreement, dated as of May 21, 2014 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "***Existing Credit Agreement***"), by and among, *inter alios*¸ Debtor BI-LO, LLC, a Delaware limited liability company (the "***Borrower***"), Holdings, the lenders party thereto from time to time, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the other parties thereto, (ii) that certain Indenture, dated as of February 3, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "***Existing Indenture***"), among, *inter alios*, the Borrower and Debtor BI-LO Finance Corp., as issuers, Holdings, the other subsidiaries of the Borrower party thereto and Wells Fargo Bank, National Association, as trustee and collateral agent and (iii) that certain Indenture, dated as of September 20, 2013 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "***Existing PIK Indenture***") among Debtor BI-LO Holding Finance, LLC and Debtor BI-LO Holding Finance, Inc., as issuers, and Wells Fargo Bank, National Association, as trustee.

The Refinancing shall be implemented through the *Joint Prepackaged Chapter 11 Plan of Reorganization of Southeastern Grocers, LLC and Its Affiliated Debtors* (the "**Prepackaged Plan**"), as set forth in that certain Restructuring Support Agreement, dated as of March 15, 2018 (the "***Restructuring Support Agreement***" and the transactions described in the Restructuring Support Agreement and certain other related transactions, including the Refinancing, collectively, the "***Transactions***"), entered into among, *inter alios*, the Debtors, the Initial Consenting Noteholders, the Consenting Lone Star Parties and the Tolling Parties (each as defined therein).

Wells currently provides Holdings and its subsidiaries with certain cash management services, including Automated Clearing House ("***ACH***") credit services and ACH advances in connection therewith (the "***Cash Management Services***"). As consideration for Wells to continue to provide such Cash Management Services during the Cases consistent with past practice, including with respect to ACH advances, in an amount up to $50,000,000 until the effective date of the Prepackaged Plan (the "***Effective Date***") and on and after the Effective Date, in an amount up to $120,000,000 but in each case on a discretionary basis, you hereby agree to pay (or cause to be paid) to Wells a cash management fee (the "***Cash Management Fee***") in an amount equal to $600,000; provided, that, notwithstanding the foregoing, the Cash Management Fee shall be reduced by an amount equal to the amount of any fees (including upfront fees or original issue discount) Wells receives as a lender under the Borrower's new asset based revolving credit facility (the "***ABL Facility***") which the Borrower shall obtain in connection with the Transactions. The Cash Management Fee shall be fully earned and due on the date hereof and payable to Wells in full in cash on the earlier of (i) the date of consummation of the Transactions; (ii) the effective date of any other plan in any of the Cases; and (iii) the entry of an order by the Court in the Cases authorizing a sale of all or a material portion of the Debtors' working capital assets.

This Fee Letter is delivered to you on the understanding that neither this Fee Letter nor its substance shall be disclosed by you to any other person or entity (including other lenders, underwriters, placement agents, advisors or any similar persons), except (a) Lone Star U.S. Acquisition, LLC (the "***Sponsor***"), to your and their respective officers, directors, employees, affiliates, members, partners, stockholders, attorneys, accountants, agents and advisors on a confidential basis, (b) if we consent in writing to such proposed disclosure, (c) (i) to the extent required, to the Bankruptcy Court (as defined below) in connection with the Cases, (ii) pursuant to the order of any court or administrative agency in any pending legal or administrative proceeding, or otherwise as required by applicable law, regulation, compulsory legal process or as requested by a governmental authority (in which case you agree, to the extent practicable and not prohibited by applicable law, to inform us promptly thereof prior to disclosure) or (iii) upon the request or demand of any regulatory authority having jurisdiction over us or any of our affiliates (in which case we agree, to the extent practicable and not prohibited by applicable law, to inform you promptly thereof prior to disclosure), or (d) in connection with the enforcement of your rights hereunder. Your obligations hereunder with respect to confidentiality shall survive the expiration or termination of this Fee Letter.

You agree that, once paid, the fees or any part thereof payable hereunder will not be refundable under any circumstances. All fees payable hereunder will be paid in immediately available funds, free and clear of and without deduction for any and all present or future applicable taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto (with appropriate gross-up for withholding taxes), in U.S. dollars, and shall not be subject to reduction by way of set-off or counterclaim. All or any portion of the fees received by us hereunder may be allocated to any of our affiliates as we may elect in our sole discretion.

This Fee Letter is intended to be solely for the benefit of the parties hereto, and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto. This Fee Letter may not be amended or any provision hereof waived or modified except by an agreement in writing signed by each of the parties hereto. This Fee Letter shall not be assignable by any party without the prior written consent of each of the other parties hereto (and any purported assignment without such consent shall be null and void).

THIS FEE LETTER AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS FEE LETTER (INCLUDING, WITHOUT LIMITATION, ANY CLAIMS SOUNDING IN CONTRACT LAW OR TORT LAW ARISING OUT OF THE SUBJECT MATTER HEREOF) SHALL BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW.

Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of the Bankruptcy Court, in any suit, action or proceeding arising out of or relating to this Fee Letter and agrees that all claims in respect of any such suit, action or proceeding may be heard and determined only in such court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Fee Letter in the Bankruptcy Court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in such court and (d) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Service of any process, summons, notice or document by registered mail addressed to you at the address above shall be effective service of process against you for any suit, action or proceeding brought in such court.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS FEE LETTER.

This Fee Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Fee Letter by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Fee Letter.

If the foregoing correctly sets forth our understanding, please indicate your acceptance of the terms hereof by returning to us an executed counterpart hereof, whereupon this Fee Letter shall become a binding agreement between us.

[Remainder of this page is intentionally left blank.]

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: Brent E. Shay
Name: Brent E. Shay
Title: Director

Accepted and agreed to as of
the date first above written:

Southeastern Grocers, LLC, *on behalf of itself and its debtor affiliates*

By: ______________________________
Name: Brian P. Carney
Title: Chief Financial Officer and Executive Vice President