

Section 12.04. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Grantor of any Bonds or any coupons the Trustee may, upon the Written Request of the Grantor, in lieu of such cancellation and delivery, cremate or destroy such Bonds and coupons, in the presence of an officer of the Grantor (if the Grantor shall so require), and deliver a certificate of such cremation or destruction to the Grantor.

Section 12.05. In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 12.06. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the Grantor, County Courthouse, Room 107, Greenville, South Carolina 29601; if to the Lessee at BI-LO, Inc., P. O. Drawer 99, Mauldin, South Carolina 29662, Attention: President; if to the Trustee at P. O. Box 727, Columbia, South Carolina, Attention: Trust Officer; the Grantor, the Corporation and the Trustee may, by notice given to all parties to this Indenture, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.07. The Grantor agrees that no action will be taken at any time which will cause the interest on the Bonds to become subject to Federal income taxation, and without limiting the generality of the foregoing, it is covenanted for the benefit of the holders of such Bonds that no use of the proceeds of such Bonds will be made at any time which, if such use has been reasonably expected on the date of issue of such Bonds, would have caused them to be "arbitrage bonds". This covenant shall impose an obligation to comply with the requirements of Section 103(d) of the United States Internal Revenue Code and Sections 1.103-13 and 1.103-14 of the regulations proposed under such Section 103 (d) by the United States Treasury Department and, after permanent regulations are promulgated under such law, the applicable provisions of such permanent regulations. The word "proceeds" as used herein shall have the meaning which it has under such section of the law and under such regulations and shall include all moneys on deposit in all funds provided for herein and all funds established in connection with the Facility. Without limiting the generality of the foregoing, in no event shall money be deposited in any accounts created hereunder or invested pursuant to the provisions of this Indenture or the Construction Deposit Agreement if such deposit or investment shall cause any Bond to be an "arbitrage bond" within the meaning of Section 103(d)(2) of the Internal Revenue Code of 1954, as amended.

The Grantor hereby certifies that on the basis of the facts, estimates and circumstances (including covenants of the Grantor) in existence on the date of this bond issue it is not expected that the proceeds of this issue of Bonds will be used in a manner that will cause such obligations to be "arbitrage bonds". The Chairman of the Grantor is hereby designated and charged alone by the Grantor with the responsibility for issu-