

Governance Principles

The following principles have been approved by the Board of Directors (“Board”) to assist the Board in the exercise of its responsibilities to the Company and its shareholders. They are reviewed on an annual basis and may be changed as the Board deems appropriate.

1. Size of Board

The size of the Board may vary from time to time, but shall preferably be not less than ten nor more than fourteen members. The size should accommodate the objectives of effective discussion and decision-making and adequate staffing of Board committees.

2. Composition and Independence

It is the policy of the Company that there will be no more than three “inside” directors (members of the Company’s management) on the Board at any given time. These management members shall include the Chief Executive Officer and up to two additional persons whose duties and responsibilities identify them as top management individuals in the Company. For purposes of this policy, former CEO’s of SUPERVALU will be considered “outside” directors.

All directors other than the inside directors, including the Lead Director, shall satisfy the criteria for being independent directors under the New York Stock Exchange listing standards.

3. Length of Tenure

Outside directors who are elected for an initial term following February 27, 1994 shall serve for a maximum of 15 years. Any outside director who has attained the age of 74 shall resign effective with the next annual meeting after attaining such age, provided, however, that the current Lead Director may serve for additional years beyond the age of 74 at the discretion of the Board of Directors.

4. Board Meetings

There shall be a minimum of six Board meetings per year. Board meetings will normally not exceed one day in length. An attempt shall be made to schedule a longer two-day planning meeting every other year focusing on the Company’s strategic plan. The Board shall meet in Executive Session without management in attendance, at the beginning of each regularly scheduled Board meeting. Outside directors shall meet together as a group, without the CEO or other inside directors in attendance, at the conclusion of the Board meeting a minimum of three times per year, and otherwise at the request of any director.

5. Lead Director

The primary responsibilities of the Lead Director shall include:

- (a) chairing meetings of the independent directors, including presiding over Executive Sessions of the Board;
- (b) helping to develop agendas and meeting schedules with the Chairman of the Board;
- (c) advising the Chairman on the quality, quantity and timeliness of information provided by management to the Board;
- (d) interviewing candidates for the Board;
- (e) overseeing evaluations of the Board;
- (f) acting as a direct conduit to the Board for shareholders, employees, the public and others regarding matters not readily addressable directly to the Chairman;
- (g) taking the lead in assuring that the Board carries out its responsibilities in circumstances where the Chairman is incapacitated or otherwise unable to act;
- (h) serving as a point of contact for the directors to raise issues not readily addressable directly to the Chairman;
- (i) working with the Chairman to monitor significant issues and risks between meetings of the Board and assuring that the entire Board becomes involved when appropriate;
- (j) having the authority to call meetings of the independent directors; and
- (k) having the lead role in conducting the evaluation process for the CEO.

6. Retirement

When an outside director ceases to occupy the position of principal employment held at the time of election to the Board, other than by reason of retirement at normal retirement age, the director shall submit for consideration by the Board a letter of resignation as director to take effect at the pleasure of the Board. The Director Affairs Committee shall meet to consider such resignation and shall make a recommendation to the Board. The Board may determine whether to accept the resignation depending on the director's new status and such other factors as the Board deems appropriate. For purposes of this paragraph, retirement by an outside director who has attained the age of 62 shall be considered retirement at normal retirement age.

An inside director, other than the CEO, shall submit his resignation to the Board simultaneously with the date of separation from the Company.

A former CEO may continue to serve on the Board until the expiration of his or her current term and may be elected to an additional term thereafter; provided, however, the CEO shall resign from the Board effective upon the third anniversary of the

CEO's separation from the Company. Notwithstanding the above, if the CEO were to leave to take another position or is terminated for reasons other than pursuant to a change of control, the CEO shall resign as a director simultaneously with his or her separation from the Company.

7. Director Nominee Selection

The Director Affairs Committee shall identify new director nominees from prospects identified by the Company's directors and management. All directors are encouraged to submit to the Chairman of the Director Affairs Committee the name of any candidate deemed qualified to serve on the Board, together with all available information on the candidate's qualifications. The Director Affairs Committee will also consider director candidates recommended by shareholders. Shareholders interested in submitting a director candidate shall forward the name of that individual and his or her background materials to the Corporate Secretary. The Committee may also hire an executive recruiter to assist in a search for new directors.

The Committee's evaluation of potential director nominees will be based on the criteria described below and the Company's needs at the relevant time. Such criteria will be applied in the same manner regardless of whether the nominee is submitted by a shareholder.

The Chairman of the Director Affairs Committee will distribute to the full Board the names and biographical information regarding all candidates under serious consideration, following which the Director Affairs Committee will make its recommendations to the full Board. The decisions of the full Board will then be implemented by the Chairman of the Board.

The criteria applied to director candidates stress independence, integrity, experience and sound judgment in areas relevant to the Company's business, financial acumen, interpersonal skills, a proven record of accomplishment, a willingness to commit sufficient time to the Board, and the ability to challenge and stimulate management.

8. Responsibilities and Rights of Directors

Directors owe a duty of loyalty to SUPERVALU and a duty of diligence in carrying out the responsibilities of a director. In addition, directors should:

- (a) deal in confidence with all matters involving the Company until such time as there has been general public disclosure or unless it is known that the particular information is a matter of public record or common knowledge;
- (b) maintain an exemplary attendance record at Shareholder, Board and Committee meetings;
- (c) carefully review the information furnished by management with respect to matters requiring Board or Committee action or monitoring and come fully prepared to Board and Committee meetings;

- (d) demonstrate an active interest in the business of the Company by staying current on issues concerning its strategies, financial performance, markets, competitors, customers, organizational structure and its human capital;
- (e) stay abreast of broad technological, social, governmental and economic trends, and assess their potential impact on the business of the Company;
- (f) apply their knowledge, judgment and strategic perspective in making value-added contributions to issues being addressed by the Board;
- (g) develop a clear understanding of the legal and fiduciary responsibilities of a board member, including the difference between the accountabilities of a board member and those of management;
- (h) build effective working relationships with other directors and with members of management;
- (i) exercise independent judgment and be willing to make tough decisions, including challenge the majority view; and
- (j) express commitment to the Company by owning an appropriate amount of its stock. As a minimum, Directors should, within five years of being elected or appointed to the Board, own Company stock worth not less than five times the annual cash retainer paid to Directors.

Directors must also maintain the highest standards of personal integrity and ethics, and be sensitive to perceived or actual conflicts of interest. Directors shall promptly disclose to the Board any situation which (a) could reasonably be considered as a conflict of interest with service as a director, or (b) has the appearance of such. Both the existence of the interest and the nature thereof (e.g., financial, family relationship, professional or business affiliation, etc.) should be disclosed to the Board.

Directors are entitled to an adequate information flow from management. They should be furnished with an agenda and (to the extent practicable) appropriate supporting materials in advance of Board and committee meetings.

Directors shall have the right at any time, to the extent the Board deems it necessary or appropriate, to engage independent outside financial, legal and other advisors to assist them in their duties to the Company and its shareholders. The Company shall provide for appropriate funding, as determined by the Board, for payment of compensation to such independent advisors. Directors are also entitled to direct access to the management and the other employees of the Company as well as the Company's books, records and facilities, as they deem necessary or appropriate.

9. Compensation

The Director Affairs Committee shall have the responsibility for recommending to the Board the form and amount of compensation and benefits for non-employee directors, including any additional compensation for the Lead Director. The Director Affairs Committee shall conduct an evaluation of such compensation and benefits not less than every other year. In discharging this duty, the Committee shall be guided by the following principles: the compensation should fairly pay directors for work required in a company of SUPERVALU's size and scope; compensation should align directors' interests with the long-term interests of shareholders; and the structure of the compensation should be transparent and easy for the shareholders to understand.

10. Director Orientation and Continuing Education

The officers of the Company shall be responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. As part of that orientation program, management shall undertake to arrange for new outside directors to visit key Company facilities that would assist such directors' understanding of the Company's operations.

The Company encourages directors to attend director education programs offered by accredited educational institutions. The Company will provide certain reimbursement to each director for the cost of such director education program pursuant to policies established by the Director Affairs Committee from time to time.

11. Succession Plan

The Board shall approve and maintain a succession plan for the CEO and senior executives, based upon a recommendation from the Executive Personnel and Compensation Committee.

To assist the Board, the Chairman and CEO will annually provide the Board with an assessment of senior managers and of their potential to succeed him or her. The Chairman and CEO will also provide the Board with an assessment of persons considered potential successors to certain senior management positions.

12. Self-Evaluation

The Director Affairs Committee will be responsible for conducting an annual self-evaluation of the Board, and for reporting the results of that evaluation to the full Board.