

## **SUPERVALU INC.**

### **CHARTER OF AUDIT COMMITTEE CHARTER**

#### **I. Composition of the Audit Committee:**

The Audit Committee of SUPERVALU INC. (the “Company”) shall be comprised of at least three directors, each of whom shall meet the independence and experience requirements of the New York Stock Exchange (the “NYSE”), and the applicable rules and regulations of the Securities and Exchange Commission (the “SEC”). At least one member of the Audit Committee shall be a financial expert as defined by the NYSE and the SEC.

The Audit Committee members and the Chairperson of the Audit Committee shall be appointed by the Board of Directors on recommendation of the Director Affairs Committee. If an Audit Committee Chairperson is not designated or present for a specific meeting, the members of the Audit Committee may designate a Chairperson by majority vote.

No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee.

#### **II. Purposes of the Audit Committee:**

The purposes of the Audit Committee are to:

1. assist Board oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent external auditor’s qualifications and independence, and (iv) the performance of the Company’s internal audit function and independent external auditors; and
2. prepare the report required to be prepared by the Audit Committee pursuant to the rules of the SEC for inclusion in the Company’s annual proxy statement.

The function of the Audit Committee is oversight. It is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors) and (iii) representations made by management as to any information technology, internal audit and other non-audit services provided by the auditors to the Company.

III. Meetings of the Audit Committee:

The Audit Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate. The Audit Committee should regularly meet separately with the senior internal audit executive and the independent external auditors to discuss any matters that the Audit Committee or any of these persons or firms believes should be discussed privately.

The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent external auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

IV. Duties and Powers of the Audit Committee:

To carry out its purposes, the Audit Committee shall have the following duties and powers:

1. **with respect to the independent external auditor,**
  - (i) to retain and terminate the independent external auditors (subject to shareholder ratification, if such ratification is required or sought);
  - (ii) to pre-approve all audit services, engagement fees and terms, and all permitted non-audit engagements, subject to the de minimus exceptions permitted pursuant to SEC regulations; provided, however, that the Chairperson of the Committee may grant such pre-approvals if all such pre-approvals are then presented to the full Committee at its next scheduled meeting;
  - (iii) to obtain and review, at least annually, a report by the independent external auditors describing (a) the audit firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer-review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the firm, and any steps taken to deal with any such issues, and (c) all relationships between the independent external auditors and the Company;
  - (iv) to review and evaluate the qualifications, performance and independence of the independent external auditors, including its lead partner, on an on-going basis, but no less frequently than once per year;
  - (v) to consider whether there should be a regular rotation of the independent external audit firm; and

(vi) to regularly review with the independent external auditor any audit problems or difficulties and management's response, and resolve any disagreements between management and the independent external auditors concerning financial reporting, and any other significant disagreements; and

2. **with respect to the internal audit function,**

(i) to review the appointment and replacement of the senior internal audit executive;

(ii) to review the commitment, plan, responsibilities, activities, staffing and organizational structure of the internal audit function; and

(iii) to regularly review with the senior internal audit executive any internal audit problems or difficulties and management's response, and resolve any disagreements between management and the internal auditors concerning financial reporting, and any other significant disagreements; and

3. **with respect to financial reporting principles and policies and internal controls and procedures,**

(i) to have a clear understanding with management, the internal audit function and the independent external auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;

(ii) to consider any reports or communications (and management's and/or the internal audit function's responses thereto) submitted to the Audit Committee by the independent external auditors required by or referred to in SAS 61, as that may be modified or supplemented;

(iii) to meet separately, periodically, with management, the independent external auditors and, the senior internal audit executive:

- to discuss the scope, staffing, locations to be visited, results, and reliance upon management and internal audit for the annual audit;
- to discuss the annual audited financial statements and the quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- to discuss all instances of fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls, and management's responses thereto, and all other instances of material fraud;
- to discuss any significant matters arising from any audit or report or communication referred to in item 3(ii) above, whether raised by management, the internal audit function or the independent external

auditors, relating to the Company's financial statements or other financial disclosures;

- to review the audit opinions the independent external auditors propose to render to the Board of Directors and shareholders;
  - to review all major issues regarding accounting principles and the Company's financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
  - to review, as appropriate: (a) analyses prepared by management and/or the independent external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (b) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
- (iv) to review all material written communications between the independent external auditors and management, such as any management letters and schedules of unadjusted differences, reported to the Committee by the independent external auditors;
- (v) to obtain from the independent external auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended;
- (vi) to discuss with the Company's Chief Legal Officer (or his/her representative) any significant legal matters that may have a material effect on the financial statements or the Company's compliance policies, including material notices to or inquiries received from governmental agencies;
- (vii) to discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- (viii) to establish clear hiring policies for employees or former employees of the independent external auditors;
- (ix) to discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- (x) to establish procedures for (a) the receipt, retention and treatment of complaints received by the Company with respect to accounting, internal accounting controls or auditing matters, and (b) the confidential,

anonymous submissions by employees of the Company of concerns relating to accounting, internal accounting controls or auditing matters; and

4. **with respect to reporting, recommendations, and other matters,**
  - (i) to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
  - (ii) to review this Charter at least annually and recommend any changes to the full Board of Directors;
  - (iii) to establish, review and approve, and, when appropriate, report to the full Board of Directors as to compliance with the Company's code of conduct which will include (but will not be limited to) a code of ethics for the CEO and senior financial officers;
  - (iv) to evaluate the Audit Committee's performance on an annual basis;
  - (v) to review and approve, and when appropriate report to the full Board of Directors, the Chief Executive Officer's expense and travel reports; and
  - (vi) to report its activities to the full Board of Directors on a regular basis specifically addressing any issues that arise with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements, the performance and independence of its independent external auditors, or the performance of the internal audit function and to make such recommendations to the Board as the Audit Committee may deem necessary or appropriate.

V. Authority and Resources of the Audit Committee:

The Audit Committee, in its capacity as a committee of the Board of Directors, is directly responsible for the appointment, compensation, retention and oversight of the independent external auditors.

The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage independent external auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants to advise the Audit Committee, and to approve the fees and other retention items for such parties.