

**Albertson's, Inc.**  
**Corporate Governance Guidelines**

The following Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of Albertson's, Inc. (the "Company" or "Albertson's") to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing stockholder value over the long term. These Guidelines are in addition to and are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law or the Certificate of Incorporation or By-laws of the Company. The Guidelines are subject to modification from time to time by the Board.

**BOARD RESPONSIBILITY AND COMPOSITION**

**1. Responsibilities**

Board members are expected to devote the time necessary to appropriately discharge their responsibilities and to rigorously prepare for and, to the extent possible, attend and participate in all Board meetings and meetings of Board committees on which they serve. In discharging their obligations, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. Each Board member is expected to ensure that other commitments do not materially interfere with the member's service as a director.

**2. Selection of Chair of the Board and Chief Executive Officer**

The Board shall be free to choose its Chair in any way that seems best for the Company at any given point in time. Therefore, the Board does not have a policy whether the role of the Chief Executive Officer and Chair of the Board should be separate and, if they are to be separate, whether the Chair of the Board should be selected from the non-employee directors or be an employee.

**3. Size of the Board**

The Board believes that it should generally have no fewer than ten and no more than fourteen directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

**4. Selection of New Directors**

The entire Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating/Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the entire Board for Board membership. When formulating its Board membership recommendations, the Nominating/Corporate Governance Committee shall also consider any advice and

recommendations offered by the Chief Executive Officer or the stockholders of the Company.

**5. Board Membership Criteria**

Nominees for director shall be selected on the basis of broad experience; wisdom; integrity; ability to make independent analytical inquiries; understanding of the Company's business environment; and willingness to devote adequate time to Board duties.

The Nominating/Corporate Governance Committee shall be responsible for assessing the appropriate balance of skills and characteristics required of Board members.

The Board shall be committed to a diversified membership.

**6. Stock Ownership**

The Board believes that a significant ownership stake leads to a stronger alignment of interests between directors, executive officers and stockholders.

Each director who has served five years should own a minimum amount of shares of stock, restricted stock or stock units equal in value to three times his or her annual cash retainer for services as a director of the Company. A one-time three-year phase in will be applicable for this requirement. All directors who have served for at least five years as of December 5, 2008 should be in compliance with this ownership standard by such date.

Each executive officer who has served as such for five years should own a minimum amount of shares of stock, restricted stock or stock units equal in value to the multiple of annual base salary for the position that he or she holds as follows: three times for the Chief Executive Officer and Executive Vice Presidents; and two times for all other executive officers.

Once subject to the stock ownership guidelines, directors and executive officers should at all times continue to meet the guidelines so long as they serve as directors or executive officers, as the case may be.

The Board under compelling circumstances may make exceptions to these requirements.

**7. Independent Directors**

A substantial majority of the Board must satisfy the applicable independence requirements set forth in the Company's Categorical Independence Standards for Directors, as approved by the Board from time to time, the rules of the New York Stock Exchange and under applicable law. Further, no more than two management executives may serve on the Board at the same time.

## 8. **Separate Sessions of Non-Management Directors**

The non-management directors shall meet at regularly scheduled executive sessions without management.

A lead independent director shall serve as the presiding director and shall supervise the conduct of these meetings. The lead independent director shall be selected on an annual basis by a majority of the non-management directors.

Meetings of the non-management directors should generally coincide with regularly scheduled Board meetings; however, a majority of the non-management directors may call a meeting of the non-management directors at any time.

The lead independent director shall communicate the results of each such meeting to the Chair of the Board, the Chief Executive Officer and the Board, as appropriate.

If any of the non-management directors are not considered to be independent, the independent directors shall meet in executive session at least once a year.

## 9. **Lead Independent Director**

The lead independent director shall perform the following duties:

- Coordinate the activities of the independent directors;
- Provide the Chair of the Board with input on agendas for the Board and committee meetings;
- Shall either (i) serve as a member of the Nominating/Corporate Governance Committee or (ii) review with the chair of the Nominating/Corporate Governance Committee (or the Committee itself) the Committee's recommendations as to (A) nominations for Board membership and (B) revisions to the Corporate Governance Guidelines, in each case prior to their submission to the entire Board of Directors;
- Coordinate and develop the agenda for, and chair executive sessions of, the independent directors; and
- Facilitate communications between the Chair of the Board and the other members of the Board, including communicating other members' requests to call special meetings of the Board.

In performing the duties described above, the lead independent director is expected to consult with the Chairs of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee Chairs.

10. **Retirement Age**

No director after having attained the age of 70 years shall be nominated for re-election or reappointment to the Board.

11. **Directors Who Change Their Present Job Responsibility**

The Board has adopted a retirement policy for directors. Under that policy, inside directors who are also employees of the Company are expected to retire from the Board at the same time they relinquish their corporate officer title.

Upon termination of his or her primary occupation or other significant change in business/professional circumstances, a Board member shall submit his or her resignation as a director to the Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee shall decide whether or not to recommend to the full Board that the resignation be accepted.

12. **Former Chief Executive Officer's Board Membership**

It is expected that the Chief Executive Officer will leave the Board at the time such individual ceases to be the Chief Executive Officer of the Company.

13. **Term Limits**

In connection with each director nomination recommendation, the Nominating/Corporate Governance Committee shall consider the issue of continuing director tenure and take steps, as may be appropriate, to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as the suitability review conducted by the Nominating/Corporate Governance Committee, which shall be conducted near the conclusion of a director's three-year term.

14. **Board Compensation**

The Company's executive officers shall not receive additional compensation for their service as directors.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of Albertson's stock through the payment of a portion of director compensation in Company stock, deferred compensation stock equivalents or options to purchase the Company's stock.

The Management Development/Compensation Committee shall recommend the level of compensation for non-employee directors to the Board for its approval. The Management Development/Compensation Committee shall periodically review the status of non-employee director compensation. The Committee shall discuss its review with the Board.

15. **Evaluation of Board**

The Board shall be responsible for annually conducting a self-evaluation. The Nominating/Corporate Governance Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.

16. **Board Contact with Senior Management**

Board members shall have complete access to management. Board members shall use sound business judgment to ensure that such contact is not distracting, and, if in writing, shall be copied to the Chief Executive Officer and the Chair of the Board.

Furthermore, the Board encourages management, from time to time, to bring managers into Board meetings who (a) can provide additional insight concerning the items being discussed because of personal involvement in these areas and/or (b) represent managers with future potential that the senior management believes should be given exposure to the Board.

17. **Board Interaction with Institutional Investors, Press and Customers**

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, the press or customers to management.

18. **Board Contact with Independent Advisors**

Directors shall have full access, as necessary and appropriate, to the Company's independent advisors, including legal counsel and independent accountants. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer, the Secretary or directly by the director. Each director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Company.

19. **Board Attendance at Annual Meeting of Shareholders**

Members of the Board of Directors are encouraged to attend the Annual Meeting of Shareholders. It is the Company's practice to facilitate this attendance by scheduling a Board meeting for the day of and/or prior to the Annual Meeting.

**BOARD MEETINGS**

20. **Frequency of Meetings**

There shall be six regularly scheduled meetings of the Board each year. Two of these meetings shall be devoted primarily to long-term strategic planning.

**21. Selection of Agenda Items for Board Meetings**

The Chair of the Board, in consultation with the lead independent director and the Chief Executive Officer, shall annually prepare a “Board of Directors Master Agenda.” This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chair of the Board, in consultation with the lead independent director and the Chief Executive Officer, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

**COMMITTEE MATTERS**

**22. Number and Names of Board Committees**

The Company shall have four standing committees: Audit/Finance, Nominating/Corporate Governance, Management Development/Compensation and Executive. The duties for each of these committees shall be outlined in the committee charters. The Board may want to form a new committee or disband a current committee depending on circumstances.

**23. Independence of Board Committees**

All standing Board committees shall be chaired by independent directors, except that the Board may determine that the Executive Committee shall be chaired by a non-independent director. Each member of the Audit/Finance Committee, Nominating/Corporate Governance Committee and Management Development/Compensation Committee shall satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange.

**24. Assignment and Rotation of Committee Members**

The Nominating/Corporate Governance Committee shall be responsible, after consultation with the Chair of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating/Corporate Governance Committee’s recommendations, the Board shall be responsible for appointing the Chairs and members to the committees on an annual basis.

The Nominating/Corporate Governance Committee shall annually review the Committee assignments and shall consider the rotation of Chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. With regard to the Chair of the Nominating/Corporate Governance Committee, such position shall rotate at least once every three years.

## **LEADERSHIP DEVELOPMENT**

### **25. Chief Executive Officer Selection**

The Board shall select a Chief Executive Officer in a manner that is in the best interests of the Company.

### **26. Evaluation of Chief Executive Officer**

The Management Development/Compensation Committee shall annually review and approve the performance criteria (including both long-term and short-term goals) to be considered in connection with the Chief Executive Officer's annual performance evaluation. Each year, the Chief Executive Officer shall make a presentation to the full Board of Directors or furnish a written report to the full Board of Directors indicating his or her progress against such established performance criteria. Thereafter, the Board of Directors shall meet without the Chief Executive Officer present to discuss the Chief Executive Officer's performance. With the advice of the Board of Directors other than the Chief Executive Officer, the Management Development/Compensation Committee shall meet to finalize the review of the Chief Executive Officer's performance and determine compensation for the Chief Executive Officer. The results of the review and evaluation shall be communicated first to the Board and then to the Chief Executive Officer by the Chair of the Management Development/ Compensation Committee.

### **27. Succession Planning**

The Board shall determine the Company's succession plan for the Chief Executive Officer, following a review by the Management Development/Compensation Committee. The Management Development/Compensation Committee should, at least annually, make a report to the Board on succession planning for the Chief Executive Officer.

The Company's succession plan will, at a minimum, include appropriate contingencies in case the Chief Executive Officer retires or is incapacitated. The Board, with the assistance of the Management Development/Compensation Committee, will evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer shall at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

The Chief Executive Officer shall prepare and distribute to the Board an annual report on succession planning for all senior officers of the Company, other than the Chief Executive Officer, and an organizational chart. The Chief Executive Officer shall also prepare and distribute to the Management Development/Compensation Committee the executive level succession plan for the positions of Executive Vice President, Senior Vice President, Group Vice President and Division President. In addition, the Chief Executive Officer shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their

duties. The short-term succession plan shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

**28. Management Development**

The Board shall determine that a satisfactory system is in effect for education, development and orderly succession of senior and mid-level managers throughout the Company.

**29. Director Orientation and Continuing Education**

The Company shall establish an orientation program for new directors that includes presentations by senior management. All directors will also be invited to participate in the orientation program. Periodically, the Company will provide opportunities for directors to visit the Company's significant facilities in order to provide greater understanding of the Company's business and operations. In addition, each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Company may, from time to time, offer continuing education programs to assist the directors in maintaining such level of expertise.

**30. Availability of These Guidelines**

These guidelines will be included on the Company's website and will be made available in print to any stockholder of the Company who submits to the Secretary a request for a copy of these guidelines. The Company's annual report to stockholders will state that these guidelines are available on the Company's website and will be available in print to any stockholder of the Company who submits to the Secretary a request for a copy of these guidelines.

**INTERPRETATION**

In cases where the Chair of the Board and the Chief Executive Officer are the same individual, or where the Chair of the Board and the lead independent director are the same individual, procedures calling for consultation or communications between such positions need not be followed.