



TO: All Suppliers

DATE: Oct 8, 2007

**RE: PALLET EXCHANGE POLICY**

*(updated to include iGPS Pallets 2/4/09)*

Consistent with SUPERVALU's vision to be the best place to work, shop and invest, as well as become easier to do business with, we are constantly looking for ways to lower our overall supply chain costs and streamline our operations. Therefore, after significant review, effective December 3, 2007, we will no longer accept pallet exchange programs at our distribution centers.

Our research and analysis finds pallet exchange to be costly and disruptive to supply chain efficiency for both trading partners. Pallets, handling, storage, transportation (both hauling the pallets and not being able to backhaul loads), inventory accounting and reconciliation are areas that incur real costs, but those costs are buried within the pallet exchange process. Eliminating pallet exchange programs will assist in reducing these costs for both of our companies.

We will now require that all palletized loads be shipped on rental pallets (e.g. CHEP, PECO, iGPS), or one-way pallets. Should you choose to utilize a one-way pallet program, please be aware that all one-way pallets must meet our current pallet specifications. If product is delivered on substandard pallets and the product has to be restacked on a good pallet, we reserve the right to issue a re-palletizing charge.

We do not expect an increase in the cost of goods as your company will receive the benefit of eliminating the associated costs of pallet exchange. In turn, it will not be necessary for us to pass onto you the handling costs that we incur in managing a pallet exchange program.

This policy is intended to eliminate inefficiencies, reduce product damage and provide a safer environment for our associates. Please begin eliminating pallet exchange immediately as we will no longer participate in any pallet exchange programs after December 3, 2007.

SUPERVALU values our on-going relationship with our suppliers and we look forward to working with you to continue to improve supply chain efficiencies.

Contact your SUPERVALU procurement representative if you have any questions.

Sincerely,

Duncan C. Mac Naughton  
Executive VP, Merchandising and Marketing

Greg Heying  
Senior VP – Distribution