



BACKGROUNDER

SUPERVALU'S Own Brands Program

Private-label products — often referred to as store brands — are an increasingly important ingredient in a retailer's strategy to differentiate itself from competitors, drive loyalty among shoppers, and improve margin.

SUPERVALU's private-label program, called Own Brands, takes a three-tiered approach that gives consumers the opportunity to select Own Brands products at the value, national-brand equivalent and premium levels. In developing this portfolio of strategically important, consumer relevant brands, Own Brands is positioned to deliver higher margins, market differentiation and customer loyalty.

While private-label brands have been a staple of European consumers for decades, it is only recently that U.S. consumers have truly embraced these products. Today, store brands account for one of every five items sold in U.S. supermarkets, drug chains and mass merchandisers, representing more than \$65 billion in sales, according to trade group Private Label Manufacturers Association.

Another nationwide study by Ipsos-MORI reveals that four in 10 shoppers identify themselves as "frequent" store brand shoppers, and nearly half of all consumers say that their typical market basket contains 25 percent or more of store brand products. Further, seven out of 10 shoppers believe that the private-label products they buy are as good, or better, than their national brand counterparts. Additionally, private-label products are a great value to consumers. In some cases, private label products are priced 15 to 20 percent lower than national brands.

SUPERVALU is at the forefront of reinforcing private-label program quality. Working closely with manufacturers, every SUPERVALU Own Brands product goes through rigorous quality assurance testing before being placed on store shelves. In the company's new Innovation Center in Eden Prairie, Minn., test kitchens mimic the typical consumer kitchen, complete with mixers, ovens, toasters and other home appliances. The environment allows the products to be tested in real-world settings, not industrial kitchens. This adds another level of quality assurance and supports the company's investment in its private-label products.

SUPERVALU knows that a strong private-label program enhances the company's image and strengthens its relationship with customers. While a consumer can buy a national brand anywhere, they must visit a SUPERVALU-owned or -supplied store to find brands such as Culinary Circle™ (premium

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restaurant-quality products), Wild Harvest™ (natural and organic products), Baby Basics™ (infant and baby care products) and Homelife™ (non-grocery products).

Culinary Circle premium brand products

Introduced in September 2008, Culinary Circle is a new line of premium brand products from SUPERVALU designed to help consumers create a casual restaurant experience right at home, and save money and time. The products deliver convenience, quality, freshness, value and above all — flavor.

Innovative, on-trend and indulgent, Culinary Circle products address the needs of consumers who love to eat out and sample different kinds of foods or enjoy the kind of meal they simply don't have the time, energy or skills to make at home. Culinary Circle products are priced approximately 20 to 25 percent below casual restaurant food and about 10 to 15 percent lower than other premium national brands. The brand currently features about 150 items in the deli area, center store and bakery section. Long range, SUPERVALU expects the brand to include 60 additional products.

Wild Harvest organic and natural products

Wild Harvest organic and natural products, introduced in April 2008, are free from artificial flavors and are grown without the use of chemical fertilizers or pesticides. The brand features items across a range of food categories, including dairy, eggs, meat, produce and dry goods like cereal, crackers, cookies and juices. Approximately 90 percent of Wild Harvest products are certified organic; the remaining products are natural. With Wild Harvest products, consumers will never find unpronounceable words in the ingredients. The brand's wide selection of products is created with one philosophy in mind: food that's natural and delicious.

Availability

Culinary Circle, Wild Harvest and other SUPERVALU Own Brands can be found nationwide at SUPERVALU's family of grocery stores, including Acme, Albertsons, bigg's, Cub Foods, Farm Fresh, Hornbacher's, Jewel-Osco, Lucky, Shaw's/Star Market, Shop 'n Save and Shoppers Food & Pharmacy.

For more information about SUPERVALU, visit www.supervalu.com. To learn more about Culinary Circle or Wild Harvest products, go to www.culinarycircle.com or www.wildharvestorganic.com, or call 1-877-932-7948.



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