

**Charter of the Audit Committee
of the Board of Directors of
Winn-Dixie Stores, Inc.**

The purpose of the audit committee (the “Committee”) is assist the board of directors in fulfilling its oversight of (a) accounting and financial reporting processes of the Company and its subsidiaries and the audits of the Company’s financial statements, (b) the Company’s disclosure controls and internal control over financial reporting, (c) the Company’s compliance with applicable law, regulatory requirements and the Company’s codes of business conduct and ethics, and other risk management programs and policies (“the Compliance and Ethics Program”), (d) the independence, qualifications and performance of the Company’s external auditors, (e) the qualifications and performance of the Company’s internal auditors and (f) related party transactions as required by the rules of The NASDAQ Stock Market LLC (“NASDAQ”).

Responsibilities of the Committee

Oversight of Accounting and Financial Reporting

Financial Statements: Prior to the filing of the Company’s periodic reports, the Committee reviews and discusses with management and the external auditors the financial statements and management’s discussion and analysis contained therein. This review covers matters required to be reviewed under laws, regulations and NASDAQ listing standards; the items required by SAS 114 in the case of annual financial statements and SAS 100 in the case of quarterly financial statements; and the process for annual and quarterly certifications by the chief executive and chief financial officers of the Company. In undertaking this review, the Committee does so with an eye toward promoting the transparency and clarity of the Company’s disclosures.

Reporting Issues: The Committee reviews and, to the extent appropriate, makes recommendations to the board of directors, on the following items:

- (a) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company’s selection or application of accounting principles and special audit steps adopted in light of material control deficiencies;
- (b) any unusual methods of acquiring or holding interests in other entities;
- (c) analyses prepared by management and/or the external auditor 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;
- (d) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements and tax planning;

- (e) significant judgments and estimates made by management;
- (f) significant reporting or operational issues identified during the reporting period, including how they were resolved;
- (g) issues on which management sought second accounting opinions; and
- (h) any audit problems or difficulties and management's response.

Following completion of the annual audit, the Committee also reviews separately with each of management and the external auditors any problems, difficulties or disagreements encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

Press Releases and Presentations: The Committee reviews all financial press releases prior to their release, paying particular attention to any use of non-GAAP information and any earnings guidance. Management reviews with the Committee all presentations to analysts or ratings agencies that represent a significant adjustment in the Company's business operations, results or strategies.

Oversight of Disclosure and Internal Controls

Review of Disclosure Controls and Procedures: The Committee reviews with management the design and effectiveness of the Company's disclosure controls and procedures, including the procedures employed by the Company's disclosure committee. The Committee also reviews any significant changes to the Company's disclosure controls and procedures.

Internal Controls Over Financial Reporting: The Committee reviews with management the design and effectiveness of the Company's internal controls over financial reporting, including any significant deficiencies or material weaknesses and the assessments thereof made by management and the external auditor. The Committee also reviews any significant changes to the Company's internal controls over financial reporting.

Oversight of the Compliance and Ethics Program

Compliance and Ethics Program: The Committee reviews the effectiveness of the Company's system for monitoring compliance with laws, regulations and the Company's Code of Business Conduct and Ethics and CEO and Senior Financial Officers Code of Ethics. This process includes regular reviews of the Compliance and Ethics Program, the material risks and related processes being monitored, relevant training, compliance activity and management follow-up and disciplinary actions. The Committee also reviews and evaluates the processes used by the Company to communicate the Company's Code of Business Conduct and Ethics to all associates and to inform associates of the mechanisms available to them for reporting concerns.

Management Reports: The Committee discusses with management the status and results of significant management investigations into compliance-related issues. It also receives regular reports regarding significant legal and compliance matters, including material litigation, other potentially material contingent liabilities and material reports or inquiries received from regulators or governmental agencies.

Business Continuity Planning: The Committee receives regular reports on the status of business continuity planning.

Oversight of External Auditor

Selection: The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including the external auditor. The Committee is responsible for establishing a clear understanding with management and the external auditor that the external auditor reports directly to the Committee. The Committee is responsible for resolving disagreements between management and the external auditors over financial reporting. Although it has sole authority to appoint the external auditor, the Committee will continue its practice of seeking annual shareholder ratification of its selection. In making determinations on the appointment of the external auditor, the Committee reviews the capabilities and audit programs of the auditing firm, as well as the experience and qualifications of the primary partners on the audit team. The Committee ensures that the lead and reviewing partners assigned to the Company's audit are rotated as required by applicable rules. The Committee is also responsible for replacing the external auditor, when appropriate.

Controls: The Committee reviews and approves the external auditor's proposed audit scope and plans, including coordination of the activities of the internal and external auditors. The Committee also approves the annual budget for all audit and permissible non-audit services to be provided. The Committee pre-approves all engagements of the external auditor. The Committee's general policy is to restrict the engagement of the external auditor to the provision of audit and audit-related services, as well as permissible tax-related services.

Auditor Reports: The Committee receives and reviews on an at least annual basis written reports from the external auditor (a) regarding its independence, describing all relationships, if any, between the external auditor and the Company, including those contemplated by Independence Standards Board Standard No.1 and (b) describing the firm's internal quality-control procedures, including 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 any governmental or professional authorities in the last five years respecting one or more independent audits carried out by the firm, and any steps taken by the firm to deal with any such issues. The Committee actively engages in a dialogue with the external auditor with respect to these reports. The Committee also reviews all

management letters provided to the Company by the external auditor and monitors management's response to the recommendations.

Evaluation of the External Auditor: After reviewing the reports described above and the external auditor's work throughout the year, the Committee evaluates the qualifications, performance and independence of the external auditors, the competence, experience and qualifications of the lead partner and senior members of the external auditors' team, and the quality control procedures of the external auditors. In making this evaluation, the Committee takes into account the opinions of management and the Company's internal auditors. The Committee presents its conclusions with respect to the external auditors to the board of directors.

Oversight of Internal Auditors

Reporting Relationship: The Committee reviews the organization of the Company's internal audit department, including its staffing and budget. The director of internal audit reports directly to the Committee and may not be replaced without the prior approval of the Committee.

Oversight of Activity: The Committee also regularly reviews the programs maintained by the Company's internal audit department, including fraud-related activities. To that end, the Committee reviews at least annually the risk assessment process employed by the internal audit department and the results of the risk assessment process. In addition, the Committee reviews the process maintained by the internal audit department to track its activities, findings and follow-up by management on internal audit department recommendations. The Committee reviews significant internal audit department findings and recommendations to Company management, as well as the responses to the recommendations. Finally, the Committee ensures there are no inappropriate restrictions imposed by Company management that impair the ability of the internal audit department to perform its function or access necessary information.

Discussion of Risk Management Policies: The Committee discusses with management and the external auditors, as appropriate, the Company's risk assessment and risk management policies, including (a) the guidelines and policies by which management assesses and manages the Company's exposure to risk, and (b) the Company's major financial risk exposures and steps taken by management to monitor and control such exposures.

Oversight of Related Party Transactions

The Committee establishes and implements policies and procedures for the review and approval or disapproval of related party transactions as defined by NASDAQ Rule 4350(h).

Membership of the Committee

Composition and Qualifications: The Committee is composed of no less than three directors, one of whom serves as chairperson and all of whom are independent under NASDAQ listing standards and Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee must be designated by the board as an "audit committee financial expert," as defined by the Securities and Exchange Commission ("SEC") pursuant to the Sarbanes-Oxley Act of 2002.

In addition, because of the demanding role and responsibility of serving on an audit committee, no member of the Committee may serve on more than two other audit committees of publicly traded companies. In the event a member of the Committee accepts membership on more than two other such audit committees, he or she shall immediately submit his or her resignation from the Committee to the chairperson of the nominating and corporate governance committee.

Tenure: Committee members are appointed and removed, and the chairperson of the Committee chosen by, a majority of the full board of directors, upon the recommendation of the nominating and corporate governance committee.

Meetings of the Committee

Meetings: The Committee typically meets at least four times each year in conjunction with the board of directors regular meetings and telephonically four additional times each year prior to the Company making its quarterly and annual SEC filings. Meeting agendas are prepared and provided in advance to the Committee, together with the appropriate briefing materials. The Committee maintains minutes or other records of meetings and activities.

At each Committee regular meeting, the Committee meets in separate sessions, without other representatives of Company management, with the external auditors and with our director of internal audit. In addition, the Committee meets on a regular basis in executive session with the senior vice presidents of legal and finance. Other persons, including management, other directors or outside advisers, may attend meetings of the Committee in the Committee's sole discretion.

Reports to the Full Board: The Committee reports and makes recommendations as appropriate to the board of directors with respect to its meetings and activities, including with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's external auditors and the performance of the internal audit function.

Policy on Hiring Employees or Former Employees of the External Auditor

The Committee believes that it may be beneficial from time to time for the Company to hire employees or former employees of our external auditor, including employees who have worked on our audits. These individuals' talents, and their familiarity with the Company and its processes and controls, may make them valuable associates. However, to ensure an appropriate level of independence between our external auditor and internal staff, the Committee sets clear hiring policies for employees or former employees of the external auditors and must (a) pre-approve the hiring of any individual to a director- or officer-level position in the Company if the individual has been a member of our external audit team in the previous two years and (b) review no less than annually a list of all individuals hired by the Company, regardless of position, who had been employed by the external audit firm in the previous three years, regardless of whether they were a member of the Company's external audit team.

Process for Handling Certain Complaints

The Committee maintains procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls or auditing matters. As part of the Committee's procedure for receiving and handling these complaints, the Company retains an independent company to maintain an anonymous, confidential, toll-free telephone number for receiving complaints, including complaints regarding questionable accounting or auditing matters. The existence of this telephone number is published on the Company's website and in all applicable Company compliance policies, with notice that calls relating to these matters will be provided directly to a representative of the Committee.

A full transcript of all such calls is provided to the chairperson of the Committee, the Company's general counsel and the Company's senior director of compliance. Calls are investigated as directed by the chairperson of the Committee and tracked separately. The status of any investigation is reported to the Committee at each meeting, to receive direction from the Committee and to allow the Committee to ensure appropriate follow-up.

Other Matters

Authority and Delegation: The Committee maintains the ultimate authority to appoint, compensate, retain and oversee the work of any registered public accounting firm engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company. With regard to all other matters described in this charter, the Committee has the full power and authority to act in support of the board of directors, which retains the ultimate authority in these matters, except as otherwise required by law or the NASDAQ rules. The Committee may delegate authority to its chairperson or any sub-committee unless prohibited by law.

Audit Committee Report. The Committee prepares the report required by SEC rules and regulations to be included in the Proxy Statement.

Outside Advisors: The Committee has the authority to engage independent counsel and financial advisors and such other advisors as it deems appropriate, the cost thereof to be borne by the Company. In the event the Committee determines to retain any such advisors, the Committee has the sole authority to approve the firm's scope of assignment, fees and other terms of its retention, as well as the firm's termination.

Funding: The Company is required to provide adequate funding, as determined by the Committee, to compensate the external auditors, compensate other Committee-retained advisors and fund ordinary administrative expenses of the Committee.

Evaluations: At least once each year, the Committee evaluates its own performance. Each member of the Committee evaluates the Committee. These evaluations are reviewed by the chairperson of the Committee. The chairperson will discuss evaluation results with the chairperson of the nominating and corporate governance committee and with the chairperson of the board.

Charter Review: At least once each year, the Committee reviews this charter and recommends changes, if any, to the board of directors.

Disclosure of Charter

This charter will be made available on the Company's website at www.winn-dixie.com and to any shareholder who otherwise requests a copy.

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While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit, or for determining whether the Company's financial statements are complete and accurate and are in accordance with GAAP.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the 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 and (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary.

Nothing contained in this charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.