

## **Governance Principles Winn-Dixie Stores, Inc.**

The board of directors of Winn-Dixie Stores, Inc. (the “Company”) has adopted these governance principles (“Governance Principles”) to assist the board in the performance of its functions and to communicate its practices with the Company’s shareholders, employees and customers.

### **Responsibilities of the Board of Directors**

Our business is conducted by our employees, led by our chief executive officer (the “CEO”), under the direction of the board. The board is responsible for overseeing the conduct of our business, providing advice and counsel to the CEO and senior management team and promoting the best interests of our shareholders. In addition to exercising its general oversight of the Company, the board’s key functions include:

- Reviews and approves our strategic plans, operating plans and capital spending plans, each as established by Company management, and monitors the implementation and execution of those plans.
- Establishes and revises guidelines for the approval of expenditures and other corporate actions and reviews and approves expenditures and corporate actions requiring board approval.
- Selects, evaluates and oversees succession planning for the CEO, including review and approval of CEO compensation, and assists the CEO in senior management talent review and succession planning.
- Oversees the Company’s financial statements and financial reporting and reviews its capital structure.
- Supports Company management in identifying and assessing significant risks affecting our business and options for mitigating those risks.
- Promotes high standards in integrity and corporate governance for our Company.

Certain of these functions have been delegated to committees of the board, pursuant to committee charters approved by the board.

### **Leadership of the Board of Directors**

Chairperson of the Board: The leadership of the board vests primarily in the chairperson (the “Chair”). The board does not maintain a policy on whether or not separate individuals should hold the positions of Chair and CEO, believing instead that it should maintain the flexibility to make appointments to these positions in a manner that meets our business needs as they exist from time to time. In the event that separate individuals hold these positions, the board believes that the Chair should not be a member of management. In the event that one individual were to hold both positions, the board believes that the interests of our Company would be best served by designating an independent director to the position of lead director to assist in some of the duties

handled by the Chair. Currently, one individual holds the position of CEO and Chair, and the board anticipates appointing a lead director no later than one year after our emergence from bankruptcy.

Responsibilities of the Chair: The Chair is responsible for overseeing the operation of the board. In carrying out his or her responsibilities, the Chair performs the following primary functions:

- Presides at all meetings of the board, scheduling meetings in a manner that enables the board and its committees to perform their duties responsibly.
- Establishes the agenda for all board meetings, in consultation with the lead director (if any) and corporate secretary of the Company.
- Coordinates with the corporate secretary to ensure the timely flow of information between Company management and the members of the board, including briefing materials relating to upcoming meetings.
- Consults with the nominating and corporate governance committee and lead director (if any) on committee assignments and director nominations.
- Consults with the chairpersons of each committee to support the chairpersons in establishing agendas for committee meetings.
- Oversees compliance by the board with these Governance Principles and our governance practices.

Responsibilities of the Lead Director: The lead director is selected by the majority vote of independent directors and is responsible for the following functions:

- Presides at all meetings of independent directors, which includes preparing agendas for the sessions, if necessary, facilitating discussions during the sessions and reporting on matters discussed during the sessions, as appropriate, to the Chair and/or Corporate Secretary.
- Presides at meetings of the board of directors when the Chair is not present.
- Acts as a liaison between the Chair and other directors, to assist the members of the board of directors in expressing comments on board matters to the Chair.
- Leads, along with chair of the compensation committee, the annual evaluation of the Chair/CEO by the board of director.
- Consults with the Chair and the nominating and corporate governance committee regarding the conduct of annual board of director evaluations.
- Consults with Chair with respect to the setting of agendas for board of director meetings and the quality and timeliness of meeting materials.
- Consults with the Chair and the nominating and corporate governance committee with respect to committee assignments for members of the board of directors.
- Act as the representative of the independent directors when appropriate.

## **Membership of the Board of Directors**

Director Qualifications: We select director candidates on the basis of their character, integrity and judgment, as well as their business, government, legal, community and other relevant experience. Financial expertise is also a relevant criteria. We desire a board that is diverse in nature and experience. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. An invitation to a prospective board member to join the board will be extended, on behalf of the board, by the Chair and the chairperson of the nominating and corporate governance committee. Due to the time commitment involved in board service, the board has determined that no director of the Company shall serve on the boards of more than three other public companies simultaneously.

Director Tenure: We do not maintain term limits for directors, other than our policy that directors are not eligible for nomination for election to the board after their 70<sup>th</sup> birthday. Directors who are also officers of the Company must submit to the Chair a letter of resignation as a director upon any termination of employment as an officer of the Company, and directors who are not officers of the Company must submit a letter offering to resign to the Chair and the chairperson of the nominating and corporate governance committee upon any change in his or her principal business or other activity in which the board member was engaged at the time of his or her election. In each case, the nominating and corporate governance committee will review whether the change in status is consistent with the criteria for board membership, and will recommend to the board whether or not the offer of resignation should be accepted.

Director Independence: At least two-thirds of the members of the board must be determined to be independent by the board as defined under the standards of The NASDAQ Stock Market LLC (“NASDAQ”). The nominating and corporate governance committee makes a recommendation at least annually to the board on the independence of each director. The board then affirmatively determines whether each director is independent. The determinations on independence will be disclosed annually in our proxy statement as required by SEC rules.

## **Meetings of the Board of Directors**

Meeting Schedule, Agenda and Materials: Our board holds at least four regular meetings each year. It also anticipates holding two special meetings each year, one focusing on strategic planning and the other on succession planning. All members of the board are encouraged to suggest items for inclusion on future meeting agendas and may raise subjects not on the agenda at any board meeting. Information relevant to the board’s understanding of matters to be discussed at an upcoming board meeting is distributed to members in advance, whenever feasible and appropriate. All board members are expected to attend meetings, to review materials in advance of meetings, to actively participate in all board deliberations and to maintain in strict confidence Company

proprietary information and the nature and content of board discussions and other business.

Senior Management Participation: In general, directors have full access to the members of the senior management team. As a courtesy, directors use judgment to ensure that this access does not interfere with the conduct of Company business and is coordinated, whenever possible, through the CEO or corporate secretary. The senior vice presidents of finance and legal attend all meetings. In addition, based on the agenda items at each meeting, the Chair regularly identifies senior management team members and other managers whose participation in particular board discussions would provide directors with additional insight into the area being discussed.

Executive Sessions: At each regular board meeting the independent directors meet without any representative of management being present. The lead director, or in the absence of the lead director the chair of the nominating and corporate governance committee, presides at these sessions. The independent directors may also hold sessions at which the only attending member of management is the CEO.

### **Committees of the Board of Directors**

Committee Structure: The board establishes committees as needed to facilitate and assist in the execution of its responsibilities. The board has established the following three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee, all of which are composed exclusively of independent directors. Each committee has its own charter setting forth the purposes, goals and responsibilities of the committees, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the board. The charters also provide for an annual committee self-evaluation. The board may, from time to time, establish or maintain additional committees as necessary or appropriate.

The chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. A report regarding each committee meeting is provided to the full board, as appropriate. Copies of the minutes of committee meetings are typically provided to all directors at each regular board meeting.

Committee Assignments: Where practicable, to be eligible to serve as chairperson of a committee, an individual should have served previously for at least one year as a member of the committee. We believe that committee chairpersons should, whenever possible, hold their position for two or more years, allowing the committee to benefit from having experienced leadership. We also believe that each committee should reflect a blend of experienced members and newer members, allowing the committee to benefit from both the knowledge gained by familiarity with committee business and new approaches identified by new perspectives. The nominating and corporate governance committee considers these factors, as well as subject matter expertise, personal preference and other

factors, when making recommendations to the board regarding appointments to committees. The board may, at any time, remove any directors from membership on a committee.

### **Management Succession Planning**

The board receives recommendations from the compensation committee regarding succession planning relating to the CEO, and consults with the CEO on succession planning and talent reviews relating to other members of senior management.

### **Director Education and Orientation**

We believe it is important that all board members have knowledge of our business operations and of the retail food industry generally, as well as current corporate governance requirements and best practices. To that end, we maintain the following practices:

- As promptly as possible after election, each new member of the board is provided with a new director orientation covering the Company's business operations, financial performance, governance procedures and other relevant Company policies and procedures.
- Meetings of the board of directors are held in the Company's corporate offices in Jacksonville as well as in the Company's various operating regions, often providing time for store or other facility visits.
- Meeting agendas provide ample time for management presentations and director discussions of significant business, financial and compliance matters relating to the Company.
- The Company provides each director with a subscription to one or more publications providing supermarket industry news and regularly distributes investment analyst research reports and other articles and publications relating to the Company or the supermarket industry generally.
- The Company is a member of the National Association of Corporate Directors (the "NACD"), providing each director with access to NACD information on corporate governance matters.
- To support on-going director education, the Company provides an annual stipend of \$6,000 to each director to fund on-going education and professional growth and development. The Corporate Secretary maintains a list of director educational programs to assist each director in identifying the most appropriate programs in which to participate.

Each director's participation in educational programs is considered during the annual board evaluation process.

### **Director Evaluations**

All directors are encouraged to provide input into board conduct and governance practices. To further these goals, each director participates in an annual evaluation of the effectiveness of the board and each committee on which the director serves. Evaluations of board and committee effectiveness may address any matters of interest to the directors and should focus comments on (a) the adequacy and quality of information provided to directors, (b) the effectiveness of the board/committee in carrying out its responsibilities as identified in these Governance Principles and relevant committee charters, (c) suggested improvements to board and/or committee practices and other aspects of corporate governance, (d) subjects for inclusion on future board/committee agendas, (e) preparation, attendance and participation of members at committee and board meetings and (f) participation of directors in educational opportunities provided by the Company or third parties.

### **Director Compensation**

We believe that a well-functioning board requires directors who are fairly compensated. We believe that:

- the amount of director compensation should be fair and competitive in relation to director compensation at companies similar in size and scope to ours;
- the type of compensation should align directors' interests with the long-term interests of shareholders; and
- the structure of the director compensation program should be simple, transparent and easy for shareholders to understand.

The nominating and corporate governance committee has the responsibility for recommending to the board compensation and benefits for directors. From time to time, the nominating and corporate governance committee reviews director compensation and benefits (including insurance and indemnity) with the full board. Director compensation will be disclosed as required by the rules of the Securities and Exchange Commission and consistent with our commitment to transparency.

Management directors receive no additional compensation for service on the board of directors.

### **Independent Advisors**

The board and each of its committee has the power to retain independent legal, financial or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. In the event that the board determines to retain any such advisor, it has the sole authority to approve the advisory

firm's scope of assignment, fees and other terms of retention/termination. The cost of such activities is borne by the Company.

### **Shareholder Ratification of the Selection of the Independent Auditors**

Although the board and the audit committee acknowledge that current law, rules and regulations, as well as the charter of the audit committee, require the Company's independent auditors to be engaged, retained and supervised by the audit committee, the board and the audit committee consider the selection of independent auditors to be an important matter of shareholder concern and view a proposal for shareholders to ratify the audit committee's selection to be an important opportunity for shareholders to provide direct feedback to the audit committee on an important issue of corporate governance. Consequently, the audit committee will present such a proposal at each annual meeting of shareholders.

### **Communications with the Company's Constituencies**

The board believes that management should speak for the Company. Individual directors may, from time to time, meet or otherwise communicate directly with the Company's constituencies about matters pertaining to the Company, but only with notification to the CEO.

### **Governance Principles Review**

The nominating and corporate governance committee and the board of directors review these Governance Principles at least annually, and recommend changes, if any, to the board of directors.

### **Shareholder Communications to the Board**

Shareholders who wish to communicate directly with members of the board, the Chair or any chairperson of a board committee may do so by writing directly to those individuals at the following address: Attn: Board of Directors, Winn-Dixie Stores, Inc., 5050 Edgewood Court, Jacksonville, Florida 32254-3699. Our corporate secretary will forward all communications directly to the board member. If the correspondence is not addressed to a particular member, the communication will be forwarded to the Chair unless the correspondence relates to the Chair, in which case the correspondence will be forwarded to the lead director or, in the absence of the lead director, the chair of the nominating and corporate governance committee. Our corporate secretary will review all communications before forwarding to the appropriate board member.

For shareholder communications relating to our accounting, internal accounting controls, or audit matters, please call 1-877-91W-DIAL (1-877-919-3425). Your call will be confidential and you may remain anonymous. The audit committee will be directly notified of your call.

### **Publication of Governance Documents**

We believe that it is important for companies to communicate their governance practices with shareholders and their other constituencies. We thus make these Governance Principles, our committee charters, our Articles of Incorporation and By-Laws and other relevant governance documents available on our website.