

*Adopted and Effective  
February 14, 2007  
Amended  
August 13, 2008*

**SPARTAN STORES, INC.**

**CORPORATE GOVERNANCE POLICY**

**Introduction**

The Board of Directors of the Company has the responsibility to oversee the management of the Company to enhance the long-term value of the Company for its shareholders. The formal requirements pertaining to the Company's corporate governance structure are set forth in the Company's Articles of Incorporation, Bylaws and Board committee charters, as amended from time to time. The Board has adopted the corporate governance guidelines set forth in this Policy to assist the Board in exercising its responsibilities. The Board may modify this Policy from time to time.

**Board Size and Criteria**

Consistent with the Company's Articles of Incorporation and Bylaws, the Board believes that the size of the Board generally should be within a range of seven to nine members. A somewhat larger size may be appropriate from time to time in order to accommodate the availability of one or more outstanding candidates. The Board will fix the exact number of directors after considering the recommendation of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is responsible for articulating and refining specific criteria for Board membership to supplement the more general criteria set forth in these guidelines. The Nominating and Corporate Governance Committee is also responsible for evaluating on an ongoing basis all directors and director candidates based on such general and specific criteria and for seeking to assure that specific talents, skills and other characteristics that are needed to increase the Board's effectiveness are possessed by an appropriate combination of directors.

Directors are elected each year on a staggered basis by the shareholders at the annual meeting of the shareholders. After considering the recommendations of the Nominating and Corporate Governance Committee, the Board will annually recommend a slate of nominees to the shareholders for election to the Board. Between annual meetings of shareholders, after considering the recommendations of the Nominating and Corporate Governance Committee, the Board may appoint directors to serve until the next annual meeting or to complete an unexpired term.

Shareholders may also propose nominees by following procedures provided in the Company's Articles of Incorporation. The Nominating and Corporate Governance Committee will consider every nominee so proposed by a shareholder and report each such nomination along with the Committee's recommendation to the full Board of Directors. The Nominating

and Corporate Governance Committee may also, in its discretion, consider shareholders' informal recommendations of possible nominees.

The Board believes that the Company and its shareholders are best served by having a Board of Directors that brings a diversity of education, experience, skills, and perspective to Board meetings. Accordingly, there are no specific or minimum qualifications or criteria for nomination for election or appointment to the Board.

### **Board Independence**

At least two-thirds of the Board shall be "independent directors" as defined by NASD rules. Directors who are members of the Company's Audit Committee, Compensation Committee or Nominating and Corporate Governance Committee shall also adhere to any additional regulatory requirements relating to independence that are applicable to members of those Committees. The Board delegates its authority and responsibility to determine whether directors are independent directors to the Nominating and Corporate Governance Committee, which consists entirely of independent directors. The Nominating and Corporate Governance Committee shall review the independence of directors and nominees for election to the Board of Directors at least annually. This determination shall be reported in the Company's proxy statement for its annual meeting of shareholders.

### **Majority Voting**

The Board believes that the Company and its shareholders are best served by having directors who enjoy the confidence of the Company's shareholders. It will be presumed that any director who receives a greater number of votes "withheld" than votes "for" such election in an uncontested election at an annual meeting of shareholders (a "Majority Withheld Vote") does not have the full confidence of the shareholders. A director receiving a Majority Withheld Vote shall promptly offer his or her resignation from the Board to the Nominating and Corporate Governance Committee upon certification of the shareholder vote. The resignation will be effective if and when accepted by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee, which consists entirely of independent directors, shall promptly consider the acceptance of the director's offer of resignation. The director at issue will not participate in the consideration of or the vote on the offer of resignation.

The Nominating and Corporate Governance Committee is expected to consider and vote upon acceptance or rejection of the offer of resignation in its sole discretion, not later than the day of the next regularly scheduled meeting of the Board held more than one week after the annual meeting of shareholders. The Nominating and Corporate Governance Committee is expected to evaluate whether or not it believes that the Majority Withheld Vote represented a genuine failure of confidence in the director by the shareholders. Examples of reasons why the Committee may decline to accept a resignation include, without limitation, a conclusion that votes were withheld because of an identifiable cause that has subsequently been adequately

addressed or a belief that the Majority Withheld Vote is attributable to technical issues or deficiencies in the proxy solicitation process.

The Board will disclose the Committee's decision regarding the director's offer of resignation (and the reasons for rejecting the resignation offer, if applicable) in an appropriate filing with the Securities and Exchange Commission.

### **Term Limits**

The Company does not have pre-determined term limits for directors. The Nominating and Corporate Governance Committee will evaluate each director's continued services on the Board on each occasion when that director is considered for nomination for re-election to the Board and at such other times as may be appropriate in particular circumstances. In connection with each nomination for re-election, the director should be given an opportunity to confirm his or her desire to continue as a member of the Board.

### **Retirement and Change in Employment Status**

The Board of Directors believes that it is generally appropriate for directors to retire before the age of 72. A director will not ordinarily be nominated for re-election to the Board of Directors following the expiration of the term of office which ends after his or her 72nd birthday. The Board of Directors recognizes, however, that the wisdom, experience and contribution of an older director could benefit the Board and the Nominating and Corporate Governance Committee may, in its discretion, nominate a director for re-election after his or her 72nd birthday in a case which the Nominating and Corporate Governance Committee determines to be exceptional.

Directors recognize that they have been chosen for nomination or appointment to the Board of Directors in part because of the knowledge and insight they gain on a continuing basis from their active employment in their current positions and for the public respect they bring to the Company and its Board of Directors because of the positions they hold in the business community. A director who experiences a material change in his or her employment status is expected to promptly offer his or her resignation as a director to the Nominating and Corporate Governance Committee. The Committee shall promptly consider and vote upon acceptance or rejection of the director's offer in its sole discretion, excluding the affected director from consideration of and voting on acceptance of the resignation.

Retirement, resignation from, or termination of a director's primary business employment shall be considered to be a material change in employment status. Changes in employment status which are not material for the purpose of this policy include, by way of illustration but without limitation, promotions, changes in job designation not involving demotion, lateral moves within an organization not involving demotion, relinquishment of some but not all titles and positions as part of a succession plan, and similar changes in employment status.

Nothing in this policy shall be construed to restrict the right of shareholders to nominate or elect any person in accordance with the Company's Articles of Incorporation and Bylaws.

### **Corporate Governance Policy Ratings**

The Board will periodically review this Corporate Governance Policy to determine whether any modifications are appropriate. In reviewing this Policy, the Board will consider the Corporate Governance Policies published by Institutional Shareholder Services or other agencies that the Board consider appropriate. The Company will periodically request a corporate governance rating from Institutional Shareholder Services or other agencies the Board considers appropriate to assist the Board in identifying issues to consider in its corporate governance responsibilities.

### **Other Board Memberships**

Each executive officer of the Company shall notify the Nominating and Corporate Governance Committee before serving as any member of the board of directors of any other business organization. The Nominating and Corporate Governance Committee will review Chief Executive Officer's membership on external boards of directors at least annually. Without the prior review and approval of the Nominating and Corporate Governance Committee, the Chief Executive Officer may not serve on the board of directors of more than one business organization not affiliated with the Company. The Committee may limit the directorships for any other executive officer if it believes that they will interfere with the executive officer's responsibilities to the Company. Non-management directors may not serve on more than 3 other public company boards without the prior review and approval of the Nominating and Corporation Governance Committee.

### **Responsibilities of the Board**

In addition to its general oversight responsibilities, the Board also performs a number of specific functions, including:

- Approving and amending Bylaws and fundamental policies;
- Authorizing dividends and distributions to shareholders;
- Authorizing issuance of shares and other securities;
- Evaluating and making recommendations to shareholders regarding acquisition proposals the Company may make or receive;
- Reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;

- Through the Audit Committee, selection and oversight of the independent auditors;
- Selecting, evaluating and compensating the Chief Executive Officer and overseeing Chief Executive Officer succession planning;
- Appointing officers and providing counsel and oversight on the selection, evaluation, development, succession and compensation of executive officers;
- Assessing major risks facing the Company and reviewing options for their mitigation; and
- Ensuring controls and procedures are in place for maintaining the integrity of the Company, the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.

In discharging their duties, directors are entitled to rely on information, opinions, reports, statements, financial statements, financial data and advice provided by other directors, board committees, legal counsel, accountants, other professional advisors, and officers and employees of the Company and its subsidiaries.

Consistent with the importance of the Board's responsibilities, each director is expected to be familiar with the Company's business and public disclosures, to review in advance of Board meetings all related materials distributed to the Board and to attend and participate, in person or by telephone conference call, in at least 75% of the meetings of the Board and meetings of any Committee of which the director is a member. All directors are expected to attend each annual meeting of the shareholders of the Company unless compelling personal circumstances prevent attendance.

The Company shall provide each new director an orientation with respect to his or her duties as a director and the business of and financial information relating to the Company. In addition, each new director and each new member of any Board Committee is expected to cooperate in fulfilling any orientation guidelines that the Nominating and Corporate Governance Committee may recommend generally or on an ad hoc basis to help assure that the director has the necessary skills to perform his or her responsibilities as a director, new member of any Board Committee, or both. Each director is expected also to cooperate in fulfilling all applicable continuing education guidelines established and updated by the Nominating and Corporate Governance Committee.

### **Director Loyalty and Confidentiality**

In their roles as directors, all directors owe their primary duty of loyalty to the Company and its shareholders. Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. To prevent inadvertent conflicts of interest, or the appearance of a conflict of interest, directors should

disclose all business relationships with the Company or its competitors or vendors. The Company will annually solicit updated information from directors to monitor any actual or potential conflicts of interest and to determine that directors are independent. In addition, directors must update the Company by notifying promptly the Chief Executive Officer and the Chairperson if an actual or potential conflict of interest arises. If a major conflict exists and cannot be resolved, the director should resign. Except as set forth in these guidelines, all directors will recuse themselves from any discussion or decision affecting their business, professional or personal interests in relationships with the Company or its competitors or vendors. The Board or committee of independent directors will resolve any conflict of interest question involving any director or the Chief Executive Officer of the Company.

Directors should advise the Chairperson of the Board and the Chairperson of the Nominating and Corporate Governance Committee before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units that have or are reasonably likely to have a business relationship with the Company or its competitors or vendors. While there may be value to be gained from service on other boards of directors, such service may have legal and regulatory implications to the Company or may present recurrent conflicts.

To facilitate access to information and open discussion, the Board believes maintaining confidentiality of information and deliberations is imperative. Each director has a fiduciary obligation to maintain the confidentiality of information received in connection with his or her service as a director.

### **Board Meetings**

The Board shall meet at least quarterly and may meet more frequently if the Chairperson of the Board or the Chief Executive Officer deems it necessary or appropriate. Independent directors shall meet in regular executive sessions, without the presence of management, at each regularly scheduled Board meeting. If the Chairperson of the Board is also the Company's Chief Executive Officer or the former Chief Executive Officer, the Chairperson of the Nominating and Corporate Governance Committee shall coordinate with the Board, develop the agenda for and chair the meetings in executive session. **(as amended August 13, 2008)**

If the Chairperson of the Board is also the Company's Chief Executive Officer or the former Chief Executive Officer, the Chairperson of the Nominating and Corporate Governance Committee shall have the following responsibilities and authority. The Chairperson of the Nominating and Corporate Governance Committee shall act as the principal liaison between the independent directors and the Chairperson of the Board and shall advise the Chairperson of the Board as to the quality, quantity and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties. Although management is responsible for the preparation of materials for the Board, the Chairperson of the Nominating and Corporate Governance Committee may request the inclusion of specific material. The Chairperson of the Nominating and Corporate

Governance Committee may also recommend to the Chairperson of the Board the retention of consultants who report directly to the Board. **(as amended August 13, 2008)**

The Chairperson of the Board, in consultation with other Board members and the executive officers, shall develop the agenda for Board meetings. The Chairperson of each Committee, in consultation with the Chairperson of the Board, shall develop the agenda for Committee meetings.

### **Board Committees**

The Board has established the following standing Committees to assist the Board in discharging its responsibilities: (i) Executive; (ii) Audit; (iii) Compensation; and (iv) Nominating and Corporate Governance. The Audit, Compensation and Nominating and Corporate Governance Committees shall consist entirely of independent directors. The Committee Chairperson shall report the highlights of their meetings to the full Board following each meeting of the respective Committees. The Committees occasionally hold meetings in conjunction with the full Board. The Nominating and Corporate Governance Committee is responsible for recommending Committee assignments to the Board each year.

### **Evaluation and Compensation of the Board**

The Nominating and Corporate Governance Committee shall conduct periodic reviews of the performance of all directors and members of Board Committees, and shall consider the results of such reviews when it makes its recommendations to the Board with respect to membership on the Board. The Nominating and Corporate Governance Committee shall also conduct periodic reviews of the structure and performance of each Board Committee and shall recommend any changes it deems appropriate.

The Compensation Committee shall conduct periodic reviews of non-employee director compensation and benefits. Employee directors will not receive any specific compensation for service as a director. The Nominating and Corporate Governance Committee shall coordinate with the Compensation Committee to evaluate and recommend compensation and benefits for non-employee directors based upon the following principals:

- Compensation should fairly pay directors for services expected of a director of a company of similar size and scope to the Company;
- Compensation should align directors' interests with the long-term interests of shareholders; and
- The structure of the compensation should be simple, transparent and easy for shareholders to understand.

### **Responsibilities of Management**

Management is responsible for operating the Company in an effective, ethical, prudent and legal manner with the objective of producing value for the Company's shareholders consistent with the Company's policies and standards. Such responsibilities include the following:

- Producing financial statements that fairly present the Company's financial condition, results of operations, cash flows and related risks in a clear and understandable way, for making timely and complete disclosures to investors, and for keeping the Board and the appropriate Committees of the Board well-informed on a timely basis as to all matters of significance to the Company;
- Developing and presenting to the Board the Company's strategic plans and budgets and for implementing those plans and budgets as approved by the Board;
- Selecting qualified members of management and for implementing and working within an effective organizational structure appropriate for the Company;
- Setting a tone in the Company of integrity, ethics and prudence, and for compliance with applicable legal requirements and the Company's policies and standards;
- Developing, implementing and monitoring an effective system of internal controls and procedures to provide reasonable assurance that: the Company's transactions are properly authorized; the Company's assets are safeguarded against unauthorized or improper use; and the Company's transactions are properly recorded and reported; and
- Establishing, maintaining and evaluating controls and procedures of the Company designed to ensure that information required to be disclosed by the Company in the reports filed by it under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

### **Evaluation and Compensation of Executive Officers**

With the assistance of the Nominating and Corporate Governance Committee, the Compensation Committee shall annually review the performance of the Chief Executive Officer and annually approve the goals and objectives for compensating the Chief Executive Officer. The Compensation Committee shall evaluate the Chief Executive Officer's performance in light of these goals before setting the Chief Executive Officer's salary, bonus and other incentive and equity compensation. With the assistance and oversight of the Nominating and Governance Committee and the Compensation Committee, the Chief Executive Officer shall annually evaluate the performance of the Company's other executive officers and report to the Compensation Committee. The Compensation Committee shall consider such performance reports before approving each officer's salary, bonus and other incentive and equity compensation. The Chairperson of the Compensation Committee shall periodically report to the

full Board on the performance and compensation of the Chief Executive Officer and other executive officers. The Compensation Committee shall approve reports for inclusion in the Company's proxy statements and SEC filings when and as required.

### **Director Access to Management and Outside Advisors**

Directors are encouraged to consult with any manager or employee of the Company and may visit Company facilities without the approval or presence of corporate management. The Board encourages the executive officers to bring non-executive managers to Board meetings, from time to time, who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, or (b) represent non-executive managers with future potential that the executive officers believe should be given exposure to the Board.

The Board and any committee of the Board shall have authority at any time, at the Company's expense, to retain independent outside financial, legal or other advisors, and to authorize and direct their compensation.

### **Strategic Planning**

The Board shall dedicate a substantial portion of one meeting per year to presentations by management regarding a discussion of the Company's strategic plan. The Board also expects management to report periodically to the Board on the Company's programs and actions to implement the strategic plan.

### **Succession Planning**

The Board shall approve and maintain a succession plan for the Chief Executive Officer and such other executive officers it deems appropriate, based upon recommendations from the Compensation Committee.

### **Communications**

The Board believes that management should speak for the Company. Individual non-employee Board members shall not communicate with outside parties unless authorized by the Board, the Nominating and Corporate Governance Committee or management. If so authorized, Board members may communicate with various constituencies that are involved with the Company, subject to the guidelines set forth in the Company's Securities Compliance Manual for Directors and Officers.

The Company will provide a process for security holders to send communications to the Board of Directors. Such communications shall be directed to the Secretary of the Company. The Secretary of the Company, or the Secretary's delegates, shall have discretion to adopt policies and procedures to implement and administer this communication process. Security holder communications may be directed to the Board of Directors or to specific individual directors. The Secretary of the Company shall have discretion to screen and not

forward to directors communications which the secretary determines in his or her discretion to be communications unrelated to the business or governance of the Company and its subsidiaries, commercial solicitations, offensive, obscene or otherwise inappropriate. The Secretary shall, however, collect and organize all security holder communications which are not forwarded, and such communications shall be available to any director upon request.

### **Associate Code of Conduct Policy**

The Company shall maintain an Associate Code of Conduct Policy, which shall be reviewed periodically by the Nominating and Corporate Governance Committee. Material waivers of the requirements of the Associate Code of Conduct Policy shall be subject to the review and approval of the Board.

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