

Table of Contents**Marketing, Advertising and Online Sales**

Our marketing efforts involve collaboration between our national marketing and merchandising team and local divisions and stores. We augment the local division teams with corporate resources and are focused on providing expertise, sharing best practices and leveraging scale in partnership with leading consumer packaged goods vendors. Our corporate teams support divisions by providing strategic guidance in order to drive key areas of our business, including pharmacy, general merchandise and our own brands. Our local marketing teams set brand strategy and communicate brand messages through our integrated digital and physical marketing and advertising channels. Our online ordering platform, www.safeway.com, was the third largest in the United States based on 2013 sales.

Relationship with SuperValu***Transition Services Agreements with SuperValu***

Services. Currently, SuperValu provides certain business support services to Albertsons and NAI pursuant to the SVU TSAs. The services provided by SuperValu to Albertsons and NAI include back office, administrative, IT, procurement, insurance and accounting services. Albertsons provides records management and retention services and environmental services to SuperValu, and also provides office space to SuperValu at our Boise offices. NAI provides pharmacy services to SuperValu.

Fees. Albertsons' and NAI's fees under the SVU TSAs are 50% fixed and 50% variable, and are determined in part based on the number of stores and distribution centers receiving services, which number can be reduced by Albertsons and by NAI at any time upon five weeks' notice, with a corresponding reduction in the variable portion of the fees due to SuperValu.

Albertsons, in its capacity as a recipient of services from SuperValu, paid total fees of \$104.6 million for fiscal 2014. The expected fee due to SuperValu for fiscal 2015 is \$91.3 million, \$10 million of which was paid in advance. SuperValu reimburses Albertsons' monthly expenses incurred in connection with providing office space to SuperValu at our Boise offices, as well as fees for records management and retention services, and environmental services.

NAI, in its capacity as a recipient of services from SuperValu, paid total fees of \$86.2 million for fiscal 2014. The expected fee due to SuperValu for fiscal 2015 is \$90.8 million, \$10 million of which was paid in advance, exclusive of amounts payable with respect to acquired A&P stores. SuperValu pays NAI fees based on the number of operating SuperValu pharmacies receiving services.

Term. The provision of services commenced in March 2013 and terminates on September 21, 2016. Each of SuperValu, Albertsons and NAI has nine remaining one-year consecutive options to extend the term for receipt of services under the SVU TSAs, exercisable one year in advance.

Transition and Wind Down of SuperValu TSA Services

We are in the process of converting our Albertsons and NAI stores, distribution centers and systems to Safeway's IT systems and, in April 2015, we reached an agreement with SuperValu for its support of our implementation of this IT conversion. Specifically, we have agreed to pay SuperValu \$50 million in the aggregate, subject to certain conditions, by November 1, 2018 to support the transition and wind down of the SVU TSAs, including the transition of services supporting Albertsons and NAI stores, distribution centers, divisions, back office, general office, surplus properties and other functions and facilities. We also agreed with SuperValu to negotiate in good faith if either the costs associated with the transition and wind down services are materially higher (i.e., 5% or more) than anticipated, or SuperValu is not performing in all material respects the transition and wind down services as needed to support our transition and wind down activities.