

Table of Contents**SuperValu—Albertsons and NAI Trademark Cross Licenses**

In March 2013, NAI and Albertsons each entered into a trademark cross licensing agreement with SuperValu, pursuant to which each party granted the other a non-exclusive, royalty-free license to use certain proprietary rights (e.g., trademarks, trade names, trade dress, service marks, banners, etc.) consistent with the parties' past practices and uses of the relevant proprietary rights. The cross license agreements will each remain in effect for so long as and to the extent that either party to the cross-license agreements owns any of the proprietary rights subject to the agreements.

Lancaster Operating and Supply Agreement

In March 2013, NAI entered into an operating and supply agreement with SuperValu for the operation of, and supply of products from, the distribution center located in the Lancaster, Pennsylvania area (the "Lancaster Agreement"). Under the Lancaster Agreement, NAI owns the Lancaster distribution center and SuperValu manages and operates the distribution center on behalf of NAI. In addition, SuperValu supplies NAI's Acme and Shaw's stores from the distribution center under a shared costs arrangement, allocating costs ratably based on each parties' use of the distribution center. Unless earlier terminated, the initial term of the Lancaster Agreement continues until March 21, 2018. Subject to either party's right to terminate the Lancaster Agreement for any reason and without cause upon 24 months' notice (provided that NAI cannot give a termination notice prior to May 28, 2016), SuperValu may extend the term of the agreement for up to two consecutive periods of five years each. For fiscal 2014, NAI paid SuperValu approximately \$1,154 million under the Lancaster Agreement.

Capital Expenditure Program

Our capital expenditure program funds new stores, remodels, distribution facilities and IT. We apply a disciplined approach to our capital investments, undertaking a rigorous cost-benefit analysis and targeting an attractive return on investment. In fiscal 2015, we expect to spend approximately \$850 million for capital expenditures, or 1.5% of our fiscal 2014 sales on a pro forma basis, including 115 remodel and upgrade projects and excluding approximately \$300 million of one-time Safeway-related integration-related capital expenditures in fiscal 2015, in advance of anticipated sales of surplus assets. We expect to incur approximately \$170 million of one-time opening and transition costs and capital expenditures to remodel and remerchandise the stores and to invest in price and labor.

Trade Names and Trademarks

We have invested significantly in the development and protection of "Albertsons" and "Safeway" as both trade names and as trademarks, and consider each to be an important business asset. We also own or license more than 650 other trademarks registered and/or pending in the United States Patent and Trademark Office and other jurisdictions, including trademarks for products and services such as *Essential Everyday*, *Wild Harvest*, *Baby Basics*, *Steakhouse Choice*, *Culinary Circle*, *Safeway*, *Safeway SELECT*, *Rancher's Reserve*, *O Organics*, *Lucerne*, *Primo Taglio*, *Deli Counter*, *Eating Right*, *mom to mom*, *waterfront BISTRO*, *Bright Green*, *Pantry Essentials*, *Open Nature*, *Refreshe*, *Snack Artist*, *Signature Café*, *Signature Care*, *Signature Farms*, *Signature Kitchens*, *Signature Home*, *Signature SELECT*, *Priority*, *just for U*, *My Simple Nutrition*, *Ingredients for Life* and other trademarks such as *United Express*, *United Supermarkets*, *Amigos*, *Market Street*, *Lucky*, *Pak'N Save Foods*, *Vons*, *Pavilions*, *Randalls*, *Tom Thumb*, *Carrs Quality Centers*, *ACME*, *Sav-On*, *Shaw's*, *Star Market*, *Super Saver* and *Jewel-Osco*.

Seasonality

Our business is generally not seasonal in nature.