

Table of Contents**AB ACQUISITION LLC AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (unaudited)**

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." Topic 330, *Inventory*, currently requires an entity to measure inventory at the lower of cost or market. Market could be replacement cost, net realizable value or net realizable value less an approximately normal profit margin. This amendment updates Topic 330 to require an entity to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. This update is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact of this pronouncement.

In July 2015, the FASB also issued ASU 2015-12, "Plan Accounting: Defined Benefit Pension Plans (Topic 960); Defined Contribution Benefit Plans (Topic 962); and Health and Welfare Benefit Plans (Topic 965)", a three-part update with the objective of simplifying benefit plan reporting to make the information presented more useful to the reader. All three parts are effective for fiscal years beginning after December 15, 2015. The Company is currently evaluating the impact of this pronouncement.

NOTE 2—PROPERTIES HELD FOR SALE

On December 19, 2014, in connection with the acquisition of Safeway Inc. ("Safeway", "the Safeway acquisition"), the Company announced that they entered into agreements to sell 111 Albertson's Holdings LLC (Albertson's) and 57 Safeway stores across eight states to four separate buyers. Divestiture of these stores was required by the Federal Trade Commission ("FTC") as a condition of closing the Safeway acquisition, and the divestiture of these stores was completed during the 16 weeks ended June 20, 2015 in accordance with the asset purchase agreements. The aggregate sales price from these stores was \$525.8 million, including the book value of inventory. The proceeds from the sale were used to reduce outstanding borrowings under the Albertson's Asset-Based Loan Facility ("ABL") by \$439.0 million. Revenue and income before taxes associated with the divested Albertson's stores for the 16 weeks ended June 20, 2015 were \$298.8 million and \$14.9 million, respectively. Revenue and income before taxes associated with the divested Safeway stores for the 16 weeks ended June 20, 2015 were \$145.7 million and \$8.2 million, respectively.

Assets held for sale and liabilities held for sale are recorded in Other current assets and Other current liabilities, respectively, and consisted of the following (in millions):

	June 20, 2015	February 28, 2015
Assets held for sale:		
Beginning balance	\$ 521.2	\$ 9.3
Transfers in	1.3	558.1
Disposals	(508.5)	(46.2)
Ending balance	<u>\$ 14.0</u>	<u>\$ 521.2</u>
Liabilities held for sale:		
Beginning balance	\$ 90.4	\$ 2.1
Other	(0.2)	103.2
Disposals	(61.4)	(14.9)
Ending balance	<u>\$ 28.8</u>	<u>\$ 90.4</u>