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**AB ACQUISITION LLC AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The Company closed 12 non-strategic stores in fiscal 2014, 45 in fiscal 2013 and 13 in fiscal 2012. Lease exit costs related to closed properties were recorded at the time of closing. Additions to the lease exit cost reserves for closed properties were recorded as a component of Selling and administrative expenses.

**Properties Held for Sale**

On December 19, 2014, in connection with the pending Safeway acquisition, the Company, together with Safeway, announced that they entered into agreements to sell 111 Albertsons and 57 Safeway stores across eight states to four separate buyers. Divestiture of these stores was required by the Federal Trade Commission as a condition of closing the Safeway acquisition and was contingent upon the completion of the Safeway acquisition. The aggregate sales price of these stores is \$327.5 million plus the book value of inventory. The proceeds from the sale will be used to pay outstanding borrowings under Albertson's Term Loans and Albertson's Asset-Based Loan Facility per the respective terms of the credit facilities. As a result, the Company recorded an impairment loss on the Albertsons stores of \$233.4 million during the fourth quarter of fiscal 2014. The related assets and liabilities have been classified as held for sale, net of the impairment loss. No gain or loss was recorded for the Safeway stores, as the related assets and liabilities were recorded for purchase accounting at fair value less the cost to sell. The divestiture of these stores commenced upon completion of the Safeway acquisition and closed in the first fiscal quarter of 2015 in accordance with the asset purchase agreements. Revenue and income before taxes associated with the divested Albertsons stores included in the Company's fiscal 2014 results were \$2,070.1 million and \$25.9 million, respectively. Revenue and income before taxes associated with the divested Safeway stores for the four weeks ended February 28, 2015 were \$89.1 million and \$2.8 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):

	February 28, 2015	February 20, 2014
Assets held for sale:		
Beginning balance	\$ 9.3	\$ 26.3
Transfers in	558.1	35.4
Disposals	(46.2)	(52.4)
Ending balance	<u>\$ 521.2</u>	<u>\$ 9.3</u>
Liabilities held for sale:		
Beginning balance	\$ 2.1	\$ —
Transfers in	103.2	2.1
Disposals	(14.9)	—
Ending balance	<u>\$ 90.4</u>	<u>\$ 2.1</u>

**Discontinued Operations**

The Company adopted ASU 2014-8, Subtopic 205-20 on February 21, 2014, which changed the requirements for reporting discontinued operations. Based on the guidelines set forth in ASU 2014-8, the Company did not have any discontinued operations in fiscal 2014. For fiscal 2013 and 2012, the results of operations and related costs of stores or groups of stores that were held for sale or closed