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

The components of income tax (benefit) expense consisted of the following (in millions):

	Fiscal 2014	Fiscal 2013	Fiscal 2012
<b>Current</b>			
Federal	\$ 8.5	\$ 67.8	\$ —
State	8.2	17.2	1.7
Foreign	—	—	—
<b>Total Current</b>	<u>16.7</u>	<u>85.0</u>	<u>1.7</u>
<b>Deferred</b>			
Federal	(110.9)	(561.1)	—
State	(59.2)	(96.5)	—
Foreign	—	—	—
<b>Total Deferred</b>	<u>(170.1)</u>	<u>(657.6)</u>	<u>—</u>
<b>Income Tax (Benefit) Expense, Continuing Operations</b>	<u>\$ (153.4)</u>	<u>\$ (572.6)</u>	<u>\$ 1.7</u>

The difference between the actual tax provision and the tax provision computed by applying the statutory federal income tax rate to losses from continuing operations before income taxes was attributable to the following (in millions):

	Fiscal 2014	Fiscal 2013	Fiscal 2012
Income tax (benefit) expense at federal statutory rate	\$ (482.5)	\$ 399.1	\$ 11.0
State income taxes, net of federal benefit	(38.4)	(30.5)	1.7
Change in valuation allowance	6.4	2.0	—
Unrecognized tax benefits	11.3	(15.5)	—
Members' loss (income)	251.0	(581.4)	(11.0)
Common control transaction	13.3	(357.7)	—
Effect of tax rate change	(3.7)	—	—
Indemnification liability	(26.3)	—	—
Transaction costs	62.1	—	—
Nondeductible equity compensation	51.0	—	—
Other	2.4	11.4	—
<b>Income tax (benefit) expense, continuing operations</b>	<u>\$ (153.4)</u>	<u>\$ (572.6)</u>	<u>\$ 1.7</u>

Taxes on income from limited liability companies held in partnership are payable by the members in accordance with their respective ownership percentages. Accordingly, the Company recorded an adjustment to income tax expense (benefit) of \$251.0 million, \$(581.4) million and \$(11.0) million for Fiscal 2014, Fiscal 2013 and Fiscal 2012, respectively. Immediately subsequent to the March 21, 2013 acquisition of NAI, the Company sold and transferred the Albertsons-bannered stores and six distribution centers from NAI to Albertson's LLC and recorded an adjustment to income tax expense (benefit) of \$13.3 million and \$(357.7) million for fiscal 2014 and fiscal 2013, respectively. The adjustment primarily represents a net reduction of deferred tax liabilities related to the sale and transfer.